



# SCHEDULE A

2016/17 ANNUAL BUDGET AND  
SUPPORTING DOCUMENTATION  
OF OKHAHLAMBA LOCAL  
MUNICIPALITY



ANNUAL DRAFT BUDGET OF  
**OKHAHLAMBA LOCAL MUNICIPALITY**

2016/17 TO 2018/19  
MEDIUM TERM REVENUE AND  
EXPENDITURE FORECASTS

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## Abbreviations and Acronyms

BPC	Budget Planning Committee	MSCOA	Municipal Standard Chart Of Accounts
CFO	Chief Financial Officer		
MM	Municipal Manager	CSD	Central Supplier Database
CPI	Consumer Price Index		
DoRA	Division of Revenue Act		
EE	Employment Equity		
M	Mayor		
FBS	Free basic services		
GAMAP	Generally Accepted Municipal Accounting Practice		
GDP	Gross domestic product		
GDS	Gauteng Growth and Development Strategy		
GFS	Government Financial Statistics		
GRAP	General Recognised Accounting Practice		
HR	Human Resources		
IDP	Integrated Development Strategy		
EXCO	Executive Council Committee		
MFMA	Municipal Financial Management Act Programme		
MIG	Municipal Infrastructure Grant		
MMC	Member of Mayoral Committee		
MPRA	Municipal Properties Rates Act		
MSA	Municipal Systems Act		
MTEF	Medium-term Expenditure Framework		
MTREF	Medium-term Revenue and Expenditure Framework		
NGO	Non-Governmental organisations		
OP	Operational Plan		
PBO	Public Benefit Organisations		
PHC	Provincial Health Care		
PMS	Performance Management System		
PPE	Property Plant and Equipment		
DC	District		
SALGA	South African Local Government Association		
SAPS	South African Police Service		
SDBIP	Service Delivery Budget Implementation Plan		
SMME	Small Micro and Medium Enterprises		

## **Part 1 – Annual Budgets**

### **1.1 Mayor's Report**

#### **MAYORAL 2016/17 BUDGET SPEECH**

Honorable Speaker, Cllr G Ndaba

Deputy Mayor of Okhahlamba Local Municipality: Cllr SZ Khumalo

Members of the Council of Okhahlamba Local Municipality

Amakhosi

Officials and all protocol observed

Greetings to all

Chairperson, Ms. Speaker, I would like to greet you and all members of the council, officials and all stakeholders representatives, and I hereby present Annual Budget for 2016/17 financial year as outlined in the Municipal Finance Management Act. (Section 16 (2)) in relation to the tabling of the Annual Budget, I would like to highlight the following items:

**Operating Budget : R 175 million**

**Capital Budget Expenditure : R 38 million**

**Total Budget : R 213 million**

Honourable Speaker and councilors, this report reflects the wishes and aspirations of the people of Okhahlamba and it is aligned with the priorities set by Treasury (circular) and it is in line with the Okhahlamba SDBIP and IDP priorities which according to my administration's point of view should be implemented at a Local Level after considering the needs of the Community, Councilors I would also like to highlight this, Okhahlamba Local Municipality has archived 100% spending on 2015/16 financial year on Municipal Infrastructure Grant of which it was a good performance in terms of community service delivery which is the priority of Umkhandlu wasoKhahlamba. I would like to grant council members a chance to look into the content and more details are contained in the attached reports.

As I conclude I would like council members to have in mind the need to provide quality services to our community and for Umkhandlu wasoKhahlamba to maintain the 2015/16 clean Audit report from Auditor-General when considering Final Budget, I thank you for this wonderful opportunity granted to me to present this Budget to the Council of Okhahlamba.

Thank you.

## 1. CAPITAL BUDGET

Council has set aside a projected capital funding of R 38 million, of which R27 million from MIG, and R11 million from Own Funding.

<b>Capital expenditure</b>	<b>38,089</b>
Transfers recognized – capital	27,014
Public contributions & donations	–
Borrowing	–
Internally generated funds	11,075
<b>Total sources of capital funds</b>	<b>38,089</b>

The 2016/17 Draft Annual Budget:

## 2. OPERATIONAL BUDGET

<b><u>Financial Performance</u></b>	
<b>Property rates</b>	32,703
<b>Service charges</b>	2,019
<b>Investment revenue</b>	2,404
<b>Transfers recognised – operational</b>	120,404
<b>Other own revenue</b>	4,782
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>162,312</b>
<b>Employee costs</b>	54,355
<b>Remuneration of councilors</b>	8,651
<b>Depreciation &amp; asset impairment</b>	21,240
<b>Finance charges</b>	1,171
<b>Materials and bulk</b>	2,630

<b>purchases</b>	
<b>Transfers and grants</b>	2,387
<b>Other expenditure</b>	84,173
<b>Total Expenditure</b>	174,607
<b>Surplus/(Deficit)</b>	-12,295
<b>Transfers recognized – capital</b>	27,014
<b>Contributions recognized - capital &amp; contributed assets</b>	0
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	14,719
<b>Share of surplus/ (deficit) of associate</b>	0
<b>Surplus/ (Deficit) for the year</b>	14,719
<b><u>Capital expenditure &amp; funds sources</u></b>	
<b>Capital expenditure</b>	38,089
<b>Transfers recognized – capital</b>	27,014
<b>Public contributions &amp; donations</b>	–
<b>Borrowing</b>	–
<b>Internally generated funds</b>	11,075
<b>Total sources of capital funds</b>	38,089

<b>TOTAL REVENUE</b>	189,326
<b>TOTAL EXPENDITURE</b>	212,696
<b>SURPLUS (DEFICIT)</b>	-23,370

Council has approved funding for provision of bad debt, indigence provision and debt impairment to cushion against any shortfall in anticipated revenue. The indigent register is the process of completion which once the process is finalized council has to decide on the way forward. This would require council to conclude on whether we impose an automatic indigent on the bases of property values or by application or a combination of both.

## **REVENUE AND EXPENDITURE**

In the projection of our income the following has been taken into consideration:

- The ability of the community to pay for services received
- The effect on the consumer accounts
- The realistic revenue estimates taking into consideration actual income available and estimates growth percentage
- Identification of grants from National and other agencies
- The impact of the inflation and costs increase
- The requirements of the tariff policy
- The effect of the recent drought on our ratepayers especially on agricultural sector
- Municipal Property Rates Policies
- Credible collection rates and collection improvements targets

The municipal revenue is based on rates and refuse collection services. There is a projected increase in rates of 6%, which will allow the rate payers, especially residents to pay for their rates. There has been a historic resistance by the public in the payment of rates; this due to the history of non-delivery of services in the municipality in the past although due to the change in the municipal leadership and processes which allows service delivery to be more positive, the culture of non-payment is also minimized. Refuse tariff will further increase by the same margin 6%.

The municipality employed a Senior Legal Advisor on a permanent basis coupled with the procurement of the services of debt collection legal firms to assist in the collection of long outstanding debts from our defaulters in order to improve collection and cash flow.

In closing, there municipality intends to ensure that we remain focus in costs cutting measures that do not add value to services delivery. Furthermore, there is a drive to achieve at least R30 000 000 in a long term-investment, and thus shall maintain our gearing at 50%, liquidity ratio at 2.5 and our asset ratio at 4.1.



## **1.2 Council Resolutions**

### **EXTRACT OF THE RESOLUTION FROM THE MINUTES OF THE SPECIAL COUNCIL MEETING HELD ON TUESDAY THE 17TH MAY 2016 IN THE MUNICIPAL COUNCIL CHAMBER, NO. 259 KINGSWAY STREET, BERGVILLE AT 10H00**

#### **9.1 Annual Budget and IDP for 2016/17 Financial Year**

The Chief Financial Officer, Mr. S. B. Ndabandaba elaborated as per the report and Annual budget which was projected on the wall and also attached in the Executive Committee agenda dated the 16<sup>st</sup> of May 2016.

Following a proposal from Councilors K. Simelane seconded by Councillors M. V. Hlatshwayo.

It was accordingly;

#### **RESOLVED THAT:**

**The budget 2016/17 Financial Year be approved**

## **1.3 Executive Summary**

The application of sound financial management principles for the compilation of the Okhahlamba financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Okhahlamba business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. This has resulted in savings to the municipality of nearly R48 million or 10 percent of the current financial year's adjusted budget. Key areas where savings were realized were on telephone and internet usage, printing, workshops, overseas and national travel, accommodation, and catering.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Okhahlamba has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Budget Circulars were used to guide the compilation of the 2016/17 MTREF.

The main challenges experienced during the compilation of the 2016/17 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2016/17 MTREF process; and
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2016/17 MTREF:

- The 2016/17 Budget priorities and targets, as well as the base line allocations contained in that Budget were adopted as the upper limits for the new baselines for the 2016/17 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/17 Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2016/17 MTREF**

KZN235 Okhahlamba - Table A1 Consolidated Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	17 653	25 228	30 755	30 584	30 852	30 852	30 852	32 703	29 855	29 640
Service charges	–	–	–	–	1 905	1 905	1 905	2 019	2 136	2 260
Investment revenue	2 535	3 530	2 140	2 268	2 268	2 268	2 268	2 404	2 544	2 691
Transfers recognised - operational	71 240	78 728	90 039	104 103	134 028	134 028	134 028	120 404	110 101	116 487
Other own revenue	1 574	5 115	3 166	2 834	3 433	3 433	3 433	4 782	4 117	4 358
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>93 003</b>	<b>112 601</b>	<b>126 099</b>	<b>139 790</b>	<b>172 486</b>	<b>172 486</b>	<b>172 486</b>	<b>162 312</b>	<b>148 753</b>	<b>155 437</b>
Employee costs	27 712	36 291	41 012	43 361	47 929	47 929	47 929	54 355	52 024	55 631
Remuneration of councillors	6 783	7 338	7 340	7 765	8 608	8 608	8 608	8 651	9 259	9 907
Depreciation & asset impairment	5 117	9 594	12 230	12 963	20 101	20 101	20 101	21 240	13 525	14 303
Finance charges	417	1 117	2 298	487	3 620	3 620	3 620	1 171	454	481
Materials and bulk purchases	–	–	1 325	1 539	1 967	1 967	1 967	2 630	1 058	1 119
Transfers and grants	663	1 136	7 237	7 671	2 275	2 275	2 275	2 387	8 620	9 073
Other expenditure	32 641	48 207	54 362	59 582	91 487	91 487	91 487	84 173	44 040	89 180
<b>Total Expenditure</b>	<b>73 333</b>	<b>103 682</b>	<b>125 803</b>	<b>133 370</b>	<b>175 988</b>	<b>175 988</b>	<b>175 988</b>	<b>174 608</b>	<b>128 980</b>	<b>179 694</b>
<b>Surplus/(Deficit)</b>	<b>19 670</b>	<b>8 918</b>	<b>296</b>	<b>6 420</b>	<b>(3 502)</b>	<b>(3 502)</b>	<b>(3 502)</b>	<b>(12 295)</b>	<b>19 773</b>	<b>(24 257)</b>
Transfers recognised - capital	34 733	48 933	43 014	37 456	41 456	41 456	41 456	27 014	–	–
Contributions recognised - capital & contributed a	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>54 403</b>	<b>57 851</b>	<b>43 310</b>	<b>43 876</b>	<b>37 954</b>	<b>37 954</b>	<b>37 954</b>	<b>14 719</b>	<b>19 773</b>	<b>(24 257)</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>54 403</b>	<b>57 851</b>	<b>43 310</b>	<b>43 876</b>	<b>37 954</b>	<b>37 954</b>	<b>37 954</b>	<b>14 719</b>	<b>19 773</b>	<b>(24 257)</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>40 806</b>	<b>88 153</b>	<b>82 066</b>	<b>81 062</b>	<b>88 799</b>	<b>88 799</b>	<b>88 799</b>	<b>38 089</b>	<b>39 962</b>	<b>–</b>
Transfers recognised - capital	34 104	48 933	43 014	37 456	47 456	47 456	47 456	27 014	39 877	–
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	6 703	39 220	39 052	43 606	41 343	41 343	41 343	11 075	85	–
<b>Total sources of capital funds</b>	<b>40 806</b>	<b>88 153</b>	<b>82 066</b>	<b>81 062</b>	<b>88 799</b>	<b>88 799</b>	<b>88 799</b>	<b>38 089</b>	<b>39 962</b>	<b>–</b>
<b>Financial position</b>										
Total current assets	90 286	70 942	47 469	93 004	86 357	86 357	86 357	66 124	81 382	13 955
Total non current assets	98 555	176 322	195 435	264 510	264 510	264 510	264 510	348 160	320 636	–
Total current liabilities	43 116	35 914	30 994	29 852	29 852	29 852	29 852	59 940	27 555	–
Total non current liabilities	9 389	17 693	25 640	5 497	5 497	5 497	5 497	5 927	5 497	–
Community wealth/Equity	136 336	193 656	186 270	322 166	315 519	315 519	315 519	348 416	368 966	13 955
<b>Cash flows</b>										
Net cash from (used) operating	51 091	44 354	53 788	58 644	75 288	75 288	75 288	27 132	26 162	23 593
Net cash from (used) investing	(40 632)	(88 068)	(45 102)	(55 062)	(74 817)	(74 817)	(74 817)	(38 089)	–	–
Net cash from (used) financing	3 542	7 683	(6 257)	–	(2 803)	(2 803)	(2 803)	(3 137)	–	–
<b>Cash/cash equivalents at the year end</b>	<b>78 828</b>	<b>42 798</b>	<b>45 227</b>	<b>48 809</b>	<b>42 895</b>	<b>42 895</b>	<b>42 895</b>	<b>28 801</b>	<b>54 963</b>	<b>78 557</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	78 829	42 798	6 825	61 599	54 952	54 952	54 952	42 424	56 269	5 000
Application of cash and investments	14 721	17 311	(1 103)	2 445	3 535	3 535	3 535	37 629	1 428	(9 390)
<b>Balance - surplus (shortfall)</b>	<b>64 108</b>	<b>25 487</b>	<b>7 928</b>	<b>59 154</b>	<b>51 417</b>	<b>51 417</b>	<b>51 417</b>	<b>4 795</b>	<b>54 841</b>	<b>14 390</b>
<b>Asset management</b>										
Asset register summary (WDV)	–	–	400	550	550	550	36 264	36 264	41 012	–
Depreciation & asset impairment	5 117	9 594	12 230	12 963	20 101	20 101	21 240	21 240	13 525	14 303
Renewal of Existing Assets	–	–	–	6 125	–	–	–	5 000	–	–
Repairs and Maintenance	–	–	6 000	4 805	5 805	5 805	7 249	7 249	5 290	5 597
<b>Free services</b>										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	355	354	4 384	5 085	4 698	4 698	4 980	4 980	10 014	10 595
<b>Households below minimum service level</b>										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sew erage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	25	25	25	25	25	25	23	23	23	23

## Operating Revenue Framework

For Okhahlamba Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in Okhahlamba and continued economic development;
- Efficient revenue management, which aims to ensure a 95 % annual collection rate for property rates and other key service charges;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of Okhahlamba Local Municipality.

The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

KZN235 Okhahlamba - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue - Standard</b>	<b>1</b>									
<i>Governance and administration</i>		99 419	194 357	122 482	135 627	142 174	142 174	135 903	141 497	169 154
Executive and council		64 918	157 331	79 537	98 536	98 890	98 890	97 352	104 464	110 523
Budget and treasury office		34 479	37 025	37 025	37 048	37 316	37 316	38 486	36 986	58 581
Corporate services		22	-	5 920	42	5 967	5 967	65	48	50
<i>Community and public safety</i>		2 117	-	1 953	1 945	2 189	2 189	3 406	1 640	1 735
Community and social services		2 117	-	1 953	1 945	2 189	2 189	3 406	1 640	1 735
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		34 100	-	44 549	39 537	73 537	73 537	47 853	42 316	44 191
Planning and development		34 100	-	44 549	39 537	73 537	73 537	47 853	42 316	44 191
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		355	-	365	387	1 905	1 905	2 019	2 136	2 260
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		355	-	365	387	1 905	1 905	2 019	2 136	2 260
<i>Other</i>	<b>4</b>	-	-	129	137	137	137	145	153	162
<b>Total Revenue - Standard</b>	<b>2</b>	<b>135 991</b>	<b>194 357</b>	<b>169 479</b>	<b>177 633</b>	<b>219 941</b>	<b>219 941</b>	<b>189 326</b>	<b>187 743</b>	<b>217 502</b>

**Table 3 Percentage growth in revenue by main revenue source**

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for Okhahlamba. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2016/17 financial year, revenue from rates and services charges totaled R 33 million or 6 %

Operating grants and transfers totals R104 million in the 2016/17 financial year. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 4 Operating Transfers and Grant Receipts**

KZN235 Okhahlamba - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

KZN253 Oxfam/Amma - Table A4 Consolidated Budgeted Financial Performance (Revenue and expenditure)											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
<b>Revenue By Source</b>											
Property rates	2	15 183	22 152	27 566	28 762	29 030	29 030	29 030	30 772	27 811	29 424
Property rates - penalties & collection charges		2 470	3 076	3 189	1 823	1 823	1 823	1 823	1 932	2 044	216
Service charges - electricity revenue	2	(355)	(354)	(365)	(387)	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	355	354	365	387	1 905	1 905	1 905	2 019	2 136	2 260
Service charges - other						-	-	-			
Rental of facilities and equipment		22	4	99	105	105	105	105	111	95	101
Interest earned - external investments		2 535	3 530	2 140	2 268	2 268	2 268	2 268	2 404	2 544	2 691
Interest earned - outstanding debtors						-	-	-	-	-	-
Dividends received						-	-	-	-	-	-
Fines		151	577	354	375	407	407	407	435	142	151
Licences and permits				509	396	406	406	406	1 570	445	470
Agency services		614	527	591	482	637	637	637	675	209	221
Transfers recognised - operational		71 240	78 728	90 039	104 103	134 028	134 028	134 028	120 404	110 101	116 487
Other revenue	2	787	3 309	1 385	1 476	1 524	1 524	1 524	1 616	2 829	2 995
Gains on disposal of PPE			697	228		354	354	354	375	397	420
Total Revenue (excluding capital transfers and contributions)		93 003	112 601	126 099	139 790	172 486	172 486	172 486	162 312	148 753	155 437

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of Okhahlamba.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 % upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

### 1.3.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA).
- R 85.80 rebate for first R15000 will be granted on all residential properties (including state owned residential properties);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
  - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependents without income;
  - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
  - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
  - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2016/17 financial year based on a 6 % increase from 1 July 2016 is contained below:

#### **Table 5 Comparison of proposed rates to be levied for the 2016/17 financial year**

The tariff policy has been attached to this document together with the budget related policies

### **1.3.2 Waste Removal and Impact of Tariff Increases**

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. Okhahlamba will have to

implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 6% increase in the waste removal tariff is proposed from 1 July 2016. Higher increases will not be viable in 2016 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6% would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

## **1.4 Operating Expenditure Framework**

Okhahlamba expenditure framework for the 2016/17 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The budgeted allocation for employee related costs for the 2016/17 financial year totals R48 million, which equals 35% of the total operating expenditure. An annual increase of 7 per cent has been included in the two outer years of the MTREF. As part of Okhahlamba cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling Okhahlamba Local Municipality budget.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R 11 million for the 2016/17 financial and equates to 66 % of the total operating budget. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 4.5 per cent)

Other materials comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality repairs and maintenance plan this group of expenditure has been prioritized to ensure sustainability of the Municipality infrastructure. For 2016/17 the appropriation against this group of expenditure has grown by 6% and continues to grow at 6% for the two outer years

A contracted service has been identified as a cost saving area for the Municipality. As part of the compilation of the 2016/17 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2016/17 financial year, this group of expenditure has escalated by just.6 %, clearly demonstrating the application of cost efficiencies. For the two outer years growth has been limited to 6 %. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2016/17 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out.

#### **1.4.1 Other considerations**

- There is been a significant in operational expenditure due to electrification projects which were previously allocated under capital project.
- The municipality is current experiencing low expenditure in repairs and maintenance due to the factor the municipality is still under development stage, increase is expected to be seen in the upcoming years. It must be noted that the municipality has budgeted for Renewal of Assets.
- There is been a significant increase in the rental facilities due to the alignment of the budget to the updated municipality policies.
- The municipality does part withdrawals from its investment and does not withdraw lump sum at one go.
- The municipality has taken note of the Mscoa circular, the municipality has attended training provided by National Treasury and started to implement the project (Developed plan, Steering committee, terms of reference etc.) The municipality has made provision in its budget for the anticipated of its current financial system and awaiting treasury on the accredited service providers and any other for the development regarding Mscoa.

#### **1.4.2 Priority given to repairs and maintenance**

Aligned to the priority being given to preserving and maintaining the Municipality current infrastructure, the 2016/17 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers.

During the compilation of the 2015/17 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipal infrastructure and historic



deferred maintenance. To this end, repairs and maintenance was substantially decrease by 23 % in the 2014/15 financial year, from R 13 million to R10 million. The total allocation for 2013/14 equates to R 7 million a growth of 30% in relation to the Adjustment Budget and continues to grow at.6% over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of .6 % for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

#### **1.4.3 Free Basic Services: Basic Social Services Package**

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipal Indigent Policy. The target is to register 20 000 or more indigent households during the 2015/16 financial year, a process reviewed annually

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

### **1.5 Capital expenditure**

For 2016/17 an amount of R60 Million has been appropriated for the development of infrastructure which represents 70% of the total capital budget

#### **1.5.1 Future operational cost of new infrastructure**

The future operational costs and revenues associated with the capital programme have been included in Table 61 MBRR SA35 on page 91, It needs to be noted that as part of the 2016/17 MTREF, this expenditure has been factored into the two outer years of the operational budget.

### **1.6 Annual Budget Tables - Parent Municipality**

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

#### **Table 6 MBRR Table A1 - Budget Summary**

KZN235 Okhahlamba - Table A1 Consolidated Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Financial Performance</b>										
Property rates	17 653	25 228	30 755	30 584	30 852	30 852	30 852	32 703	29 855	29 640
Service charges	–	–	–	–	1 905	1 905	1 905	2 019	2 136	2 260
Investment revenue	2 535	3 530	2 140	2 268	2 268	2 268	2 268	2 404	2 544	2 691
Transfers recognised - operational	71 240	78 728	90 039	104 103	134 028	134 028	134 028	120 404	110 101	116 487
Other own revenue	1 574	5 115	3 166	2 834	3 433	3 433	3 433	4 782	4 117	4 358
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>93 003</b>	<b>112 601</b>	<b>126 099</b>	<b>139 790</b>	<b>172 486</b>	<b>172 486</b>	<b>172 486</b>	<b>162 312</b>	<b>148 753</b>	<b>155 437</b>
Employee costs	27 712	36 291	41 012	43 361	47 929	47 929	47 929	54 355	52 024	55 631
Remuneration of councillors	6 783	7 338	7 340	7 765	8 608	8 608	8 608	8 651	9 259	9 907
Depreciation & asset impairment	5 117	9 594	12 230	12 963	20 101	20 101	20 101	21 240	13 525	14 303
Finance charges	417	1 117	2 298	487	3 620	3 620	3 620	1 171	454	481
Materials and bulk purchases	–	–	1 325	1 539	1 967	1 967	1 967	2 630	1 058	1 119
Transfers and grants	663	1 136	7 237	7 671	2 275	2 275	2 275	2 387	8 620	9 073
Other expenditure	32 641	48 207	54 362	59 582	91 487	91 487	91 487	84 173	44 040	89 180
<b>Total Expenditure</b>	<b>73 333</b>	<b>103 682</b>	<b>125 803</b>	<b>133 370</b>	<b>175 988</b>	<b>175 988</b>	<b>175 988</b>	<b>174 608</b>	<b>128 980</b>	<b>179 694</b>
<b>Surplus/(Deficit)</b>	<b>19 670</b>	<b>8 918</b>	<b>296</b>	<b>6 420</b>	<b>(3 502)</b>	<b>(3 502)</b>	<b>(3 502)</b>	<b>(12 295)</b>	<b>19 773</b>	<b>(24 257)</b>
Transfers recognised - capital	34 733	48 933	43 014	37 456	41 456	41 456	41 456	27 014	–	–
Contributions recognised - capital & contributed a	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>54 403</b>	<b>57 851</b>	<b>43 310</b>	<b>43 876</b>	<b>37 954</b>	<b>37 954</b>	<b>37 954</b>	<b>14 719</b>	<b>19 773</b>	<b>(24 257)</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>54 403</b>	<b>57 851</b>	<b>43 310</b>	<b>43 876</b>	<b>37 954</b>	<b>37 954</b>	<b>37 954</b>	<b>14 719</b>	<b>19 773</b>	<b>(24 257)</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>40 806</b>	<b>88 153</b>	<b>82 066</b>	<b>81 062</b>	<b>88 799</b>	<b>88 799</b>	<b>88 799</b>	<b>38 089</b>	<b>39 962</b>	<b>–</b>
Transfers recognised - capital	34 104	48 933	43 014	37 456	47 456	47 456	47 456	27 014	39 877	–
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	6 703	39 220	39 052	43 606	41 343	41 343	41 343	11 075	85	–
<b>Total sources of capital funds</b>	<b>40 806</b>	<b>88 153</b>	<b>82 066</b>	<b>81 062</b>	<b>88 799</b>	<b>88 799</b>	<b>88 799</b>	<b>38 089</b>	<b>39 962</b>	<b>–</b>
<b>Financial position</b>										
Total current assets	90 286	70 942	47 469	93 004	86 357	86 357	86 357	66 124	81 382	13 955
Total non current assets	98 555	176 322	195 435	264 510	264 510	264 510	264 510	348 160	320 636	–
Total current liabilities	43 116	35 914	30 994	29 852	29 852	29 852	29 852	59 940	27 555	–
Total non current liabilities	9 389	17 693	25 640	5 497	5 497	5 497	5 497	5 927	5 497	–
Community wealth/Equity	136 336	193 656	186 270	322 166	315 519	315 519	315 519	348 416	368 966	13 955
<b>Cash flows</b>										
Net cash from (used) operating	51 091	44 354	53 788	58 644	75 288	75 288	75 288	27 132	26 162	23 593
Net cash from (used) investing	(40 632)	(88 068)	(45 102)	(55 062)	(74 817)	(74 817)	(74 817)	(38 089)	–	–
Net cash from (used) financing	3 542	7 683	(6 257)	–	(2 803)	(2 803)	(2 803)	(3 137)	–	–
<b>Cash/cash equivalents at the year end</b>	<b>78 828</b>	<b>42 798</b>	<b>45 227</b>	<b>48 809</b>	<b>42 895</b>	<b>42 895</b>	<b>42 895</b>	<b>28 801</b>	<b>54 963</b>	<b>78 557</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	78 829	42 798	6 825	61 599	54 952	54 952	54 952	42 424	56 269	5 000
Application of cash and investments	14 721	17 311	(1 103)	2 445	3 535	3 535	3 535	37 629	1 428	(9 390)
<b>Balance - surplus (shortfall)</b>	<b>64 108</b>	<b>25 487</b>	<b>7 928</b>	<b>59 154</b>	<b>51 417</b>	<b>51 417</b>	<b>51 417</b>	<b>4 795</b>	<b>54 841</b>	<b>14 390</b>
<b>Asset management</b>										
Asset register summary (WDV)	–	–	400	550	550	550	36 264	36 264	41 012	–
Depreciation & asset impairment	5 117	9 594	12 230	12 963	20 101	20 101	21 240	21 240	13 525	14 303
Renewal of Existing Assets	–	–	–	6 125	–	–	–	5 000	–	–
Repairs and Maintenance	–	–	6 000	4 805	5 805	5 805	7 249	7 249	5 290	5 597
<b>Free services</b>										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	355	354	4 384	5 085	4 698	4 698	4 980	4 980	10 014	10 595
<b>Households below minimum service level</b>										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sew erage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	25	25	25	25	25	25	23	23	23	23

## Explanatory notes to MBRR Table A1 - Budget Summary

- Table A1 is a budget summary and provides a concise overview of the Municipality budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasizes the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

**Table 7 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

KZN235 Okhahlamba - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		99 419	194 357	122 482	135 627	142 174	142 174	135 903	141 497	169 154
Executive and council		64 918	157 331	79 537	98 536	98 890	98 890	97 352	104 464	110 523
Budget and treasury office		34 479	37 025	37 025	37 048	37 316	37 316	38 486	36 986	58 581
Corporate services		22	-	5 920	42	5 967	5 967	65	48	50
<i>Community and public safety</i>		2 117	-	1 953	1 945	2 189	2 189	3 406	1 640	1 735
Community and social services		2 117	-	1 953	1 945	2 189	2 189	3 406	1 640	1 735
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		34 100	-	44 549	39 537	73 537	73 537	47 853	42 316	44 191
Planning and development		34 100	-	44 549	39 537	73 537	73 537	47 853	42 316	44 191
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		355	-	365	387	1 905	1 905	2 019	2 136	2 260
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		355	-	365	387	1 905	1 905	2 019	2 136	2 260
<i>Other</i>	4	-	-	129	137	137	137	145	153	162
<b>Total Revenue - Standard</b>	2	135 991	194 357	169 479	177 633	219 941	219 941	189 326	187 743	217 502
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		71 337	103 682	72 515	73 149	85 408	85 408	83 479	84 617	89 930
Executive and council		39 768	103 682	24 120	26 362	34 733	34 733	36 323	39 099	41 543
Budget and treasury office		3 854	-	27 779	25 262	25 123	25 123	27 313	21 275	22 597
Corporate services		27 715	-	20 616	21 525	25 552	25 552	19 844	24 244	25 790
<i>Community and public safety</i>		-	-	17 508	19 138	22 475	22 475	29 323	23 940	25 469
Community and social services		-	-	17 508	19 138	22 475	22 475	29 323	23 940	25 469
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1 996	-	33 942	35 184	66 211	66 211	59 366	37 709	40 104
Planning and development		1 996	-	33 942	35 184	66 211	66 211	59 366	37 709	40 104
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	1 838	5 898	1 894	1 894	2 439	5 913	6 266
<b>Total Expenditure - Standard</b>	3	73 333	103 682	125 803	133 370	175 988	175 988	174 607	152 179	161 769
<b>Surplus/(Deficit) for the year</b>		62 658	90 674	43 675	44 263	43 953	43 953	14 719	35 563	55 733

### Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
- Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
- Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 8 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN235 Okhahlamba - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote		1									
Vote 1 - Council			64 916	157 331	79 537	98 536	98 890	98 890	97 352	104 464	110 523
Vote 2 - Finance			22 965	–	37 025	37 048	37 316	37 316	38 486	36 986	58 581
Vote 3 - Corporate			22	–	5 920	42	5 967	5 967	65	48	50
Vote 4 - Library			33	–	891	958	1 006	1 006	1 030	1 128	1 194
Vote 5 - Museum			–	–	151	166	166	166	175	187	198
Vote 6 - Traffic			765	–	911	821	1 016	1 016	2 201	1 545	1 654
Vote 7 - Technical			34 100	–	44 549	39 537	73 537	73 537	47 853	42 316	44 191
Vote 8 - Tourism			–	–	129	137	137	137	145	153	162
Vote 9 - Refuse Removal			355	–	365	387	1 905	1 905	2 019	2 136	2 260
Vote 10 - Municipal Manager			2	–	–	–	–	–	–	–	–
Vote 11 - Social Services			1 319	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]			–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]			–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]			–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]			–	–	–	–	–	–	–	–	–
Total Revenue by Vote		2	124 477	157 331	169 479	177 633	219 941	219 941	189 326	188 963	218 812
Expenditure by Vote to be appropriated		1									
Vote 1 - Council			39 768	103 682	18 037	20 648	26 545	26 545	27 857	29 809	31 459
Vote 2 - Finance			3 854	–	27 779	25 262	25 123	25 123	27 313	21 275	22 597
Vote 3 - Corporate			27 715	–	20 616	21 525	25 552	25 552	19 844	24 244	25 790
Vote 4 - Library			–	–	1 097	1 161	1 245	1 245	1 492	1 420	1 517
Vote 5 - Museum			–	–	453	479	455	455	540	637	680
Vote 6 - Traffic			–	–	3 333	3 528	4 189	4 189	9 033	4 423	4 718
Vote 7 - Technical			–	–	33 942	35 184	66 211	66 211	59 366	37 709	40 104
Vote 8 - Tourism			–	–	1 838	5 898	1 894	1 894	2 439	5 913	6 266
Vote 9 - Refuse Removal			–	–	–	–	–	–	–	–	–
Vote 10 - Municipal Manager			–	–	6 082	5 872	8 188	8 188	8 466	8 061	8 594
Vote 11 - Social Services			–	–	12 626	13 971	16 582	16 582	18 258	17 461	18 554
Vote 12 - [NAME OF VOTE 12]			–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]			–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]			–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]			–	–	–	–	–	–	–	–	–
Total Expenditure by Vote		2	71 337	103 682	125 803	133 527	175 985	175 985	174 607	150 951	160 279
Surplus/(Deficit) for the year		2	53 140	53 649	43 675	44 106	43 956	43 956	14 719	38 012	58 533

### Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

**Table 9 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

KZN235 Okhahlamba - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Property rates	2	15 183	22 152	27 566	28 762	29 030	29 030	29 030	30 772	27 811	29 424
Property rates - penalties & collection charges		2 470	3 076	3 189	1 823	1 823	1 823	1 823	1 932	2 044	216
Service charges - electricity revenue	2	(355)	(354)	(365)	(387)	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	355	354	365	387	1 905	1 905	1 905	2 019	2 136	2 260
Service charges - other						-	-	-			
Rental of facilities and equipment		22	4	99	105	105	105	105	111	95	101
Interest earned - external investments		2 535	3 530	2 140	2 268	2 268	2 268	2 268	2 404	2 544	2 691
Interest earned - outstanding debtors						-	-	-			
Dividends received						-	-	-			
Fines		151	577	354	375	407	407	407	435	142	151
Licences and permits				509	396	406	406	406	1 570	445	470
Agency services		614	527	591	482	637	637	637	675	209	221
Transfers recognised - operational		71 240	78 728	90 039	104 103	134 028	134 028	134 028	120 404	110 101	116 487
Other revenue	2	787	3 309	1 385	1 476	1 524	1 524	1 524	1 616	2 829	2 995
Gains on disposal of PPE			697	228		354	354	354	375	397	420
Total Revenue (excluding capital transfers and contributions)		93 003	112 601	126 099	139 790	172 486	172 486	172 486	162 312	148 753	155 437
Expenditure By Type											
Employee related costs	2	27 712	36 291	41 012	43 361	47 929	47 929	47 929	54 355	52 024	55 631
Remuneration of councillors		6 783	7 338	7 340	7 765	8 608	8 608	8 608	8 651	9 259	9 907
Debt impairment	3	3 437	5 338	4 322	2 582	4 582	4 582	4 582	6 500	2 901	3 075
Depreciation & asset impairment	2	5 117	9 594	12 230	12 963	20 101	20 101	20 101	21 240	13 525	14 303
Finance charges		417	1 117	2 298	487	3 620	3 620	3 620	1 171	454	481
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8			1 325	1 539	1 967	1 967	1 967	2 630	1 058	1 119
Contracted services		-	1 993	3 545	3 152	3 424	3 424	3 424	3 922	4 156	4 403
Transfers and grants		663	1 136	7 237	7 671	2 275	2 275	2 275	2 387	8 620	9 073
Other expenditure	4, 5	27 963	40 876	46 346	53 848	83 481	83 481	83 481	73 751	36 983	81 702
Loss on disposal of PPE		1 241		149							
Total Expenditure		73 333	103 682	125 803	133 370	175 988	175 988	175 988	174 608	128 980	179 694
Surplus/(Deficit)		19 670	8 918	296	6 420	(3 502)	(3 502)	(3 502)	(12 295)	19 773	(24 257)
Transfers recognised - capital		34 733	48 933	43 014	37 456	41 456	41 456	41 456	27 014		
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		54 403	57 851	43 310	43 876	37 954	37 954	37 954	14 719	19 773	(24 257)
Taxation											
Surplus/(Deficit) after taxation		54 403	57 851	43 310	43 876	37 954	37 954	37 954	14 719	19 773	(24 257)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		54 403	57 851	43 310	43 876	37 954	37 954	37 954	14 719	19 773	(24 257)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		54 403	57 851	43 310	43 876	37 954	37 954	37 954	14 719	19 773	(24 257)

**Table 10 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

KZN235 Okhahlamba - Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>	<b>2</b>										
<b>Multi-year expenditure - to be appropriated</b>											
Vote 1 - Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance		150	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate		600	-	-	-	-	-	-	-	-	-
Vote 4 - Library		-	-	-	-	-	-	-	-	-	-
Vote 5 - Museum		-	-	-	-	-	-	-	-	-	-
Vote 6 - Traffic		-	-	-	-	-	-	-	-	-	-
Vote 7 - Technical		-	-	-	27 456	51 511	51 511	51 511	-	-	-
Vote 8 - Tourism		-	-	-	-	-	-	-	-	-	-
Vote 9 - Refuse Removal		-	-	-	-	-	-	-	-	-	-
Vote 10 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 11 - Social Services		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	750	-	-	27 456	51 511	51 511	51 511	-	-	-
<b>Single-year expenditure - to be appropriated</b>	<b>2</b>										
Vote 1 - Council		40 806	88 153	8 000	-	-	-	-	300	-	-
Vote 2 - Finance		-	-	-	150	150	150	150	500	-	-
Vote 3 - Corporate		-	-	200	600	600	600	600	300	-	-
Vote 4 - Library		-	-	-	-	-	-	-	-	-	-
Vote 5 - Museum		-	-	-	-	-	-	-	-	-	-
Vote 6 - Traffic		-	-	-	-	-	-	-	-	-	-
Vote 7 - Technical		-	-	54 988	35 230	32 611	32 611	32 611	35 914	39 962	-
Vote 8 - Tourism		-	-	-	-	-	-	-	-	-	-
Vote 9 - Refuse Removal		-	-	-	-	-	-	-	-	-	-
Vote 10 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 11 - Social Services		-	-	596	3 926	3 926	3 926	3 926	1 075	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		40 806	88 153	63 784	39 906	37 287	37 287	37 287	38 089	39 962	-
Total Capital Expenditure - Vote		41 556	88 153	63 784	67 362	88 798	88 798	88 798	38 089	39 962	-
<b>Capital Expenditure - Standard</b>											
<i>Governance and administration</i>		10 273	88 153	8 200	750	750	750	750	1 100	85	-
Executive and council		8 621	88 153	8 000	-	-	-	-	300	-	-
Budget and treasury office		-	-	-	150	150	150	150	500	-	-
Corporate services		1 652	-	200	600	600	600	600	300	85	-
<i>Community and public safety</i>		-	-	596	5 426	3 926	3 926	3 926	1 075	-	-
Community and social services		-	-	596	5 426	3 926	3 926	3 926	1 075	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		30 534	-	73 271	74 886	84 122	84 122	84 122	35 914	39 877	-
Planning and development		30 534	-	73 271	74 886	84 122	84 122	84 122	35 914	39 877	-
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	40 806	88 153	82 066	81 062	88 799	88 799	88 799	38 089	39 962	-
<b>Funded by:</b>											
National Government		28 393	26 453	34 149	37 456	27 456	27 456	27 456	27 014	39 877	-
Provincial Government		5 710	22 480	8 865	-	20 000	20 000	20 000	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	34 104	48 933	43 014	37 456	47 456	47 456	47 456	27 014	39 877	-
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		6 703	39 220	39 052	43 606	41 343	41 343	41 343	11 075	85	-
Total Capital Funding	7	40 806	88 153	82 066	81 062	88 799	88 799	88 799	38 089	39 962	-

Table 11 MBRR Table A6 - Budgeted Financial Position

KZN235 Okhahlamba - Table A6 Consolidated Budgeted Financial Position

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
Current assets											
Cash		34 525	6 226	6 226	7 708	1 061	1 061	1 061	12 424	16 269	5 000
Call investment deposits	1	44 304	36 573	600	53 891	53 891	53 891	53 891	30 000	40 000	-
Consumer debtors	1	8 546	13 474	23 474	24 085	24 085	24 085	24 085	21 046	16 366	-
Other debtors		2 911	14 670	17 170	7 320	7 320	7 320	7 320	2 654	8 747	8 955
Current portion of long-term receivables											
Inventory	2										
Total current assets		90 286	70 942	47 469	93 004	86 357	86 357	86 357	66 124	81 382	13 955
Non current assets											
Long-term receivables											
Investments											
Investment property											
Investment in Associate											
Property, plant and equipment	3	98 470	176 322	195 035	263 960	263 960	263 960	263 960	347 110	319 586	-
Agricultural											
Biological											
Intangible				400	550	550	550	550	1 050	1 050	
Other non-current assets		86									
Total non current assets		98 555	176 322	195 435	264 510	264 510	264 510	264 510	348 160	320 636	-
TOTAL ASSETS		188 841	247 264	242 904	357 514	350 867	350 867	350 867	414 284	402 018	13 955
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	-	-	7 551	2 568	2 568	2 568	2 568	5 293	-	-
Consumer deposits											
Trade and other payables	4	43 116	35 914	23 443	27 284	27 284	27 284	27 284	49 535	27 555	-
Provisions									5 113		
Total current liabilities		43 116	35 914	30 994	29 852	29 852	29 852	29 852	59 940	27 555	-
Non current liabilities											
Borrowing		-	12 196	17 506	-	-	-	-	4 380	-	-
Provisions		9 389	5 497	8 134	5 497	5 497	5 497	5 497	1 547	5 497	-
Total non current liabilities		9 389	17 693	25 640	5 497	5 497	5 497	5 497	5 927	5 497	-
TOTAL LIABILITIES		52 505	53 607	56 634	35 349	35 349	35 349	35 349	65 868	33 052	-
NET ASSETS	5	136 336	193 656	186 270	322 166	315 519	315 519	315 519	348 416	368 966	13 955
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		136 336	193 656	186 270	322 166	315 519	315 519	315 519	348 416	368 966	13 955
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	136 336	193 656	186 270	322 166	315 519	315 519	315 519	348 416	368 966	13 955

Table 12 MBRR Table A7 - Budgeted Cash Flow Statement



KZN235 Okhahlamba - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		17 653	15 586	24 284	23 394	25 149	25 149	25 149	29 433	31 140	31 195
Service charges		355	310	401	368	1 600	1 600	1 600	2 019	2 136	2 260
Other revenue		29 644	3 700	1 672	2 670	350	350	350	3 637	3 878	4 122
Government - operating	1	65 614	72 819	99 777	104 103	132 496	132 496	132 496	120 404	105 346	110 142
Government - capital	1	34 887	29 650	41 014	37 456	47 456	47 456	47 456	27 014	28 907	30 388
Interest		2 535	3 529	3 910	2 268	3 000	3 000	3 000	2 998	2 544	2 691
Dividends					-	-			-	-	-
Payments											
Suppliers and employees		(99 181)	(80 124)	(115 590)	(108 876)	(132 967)	(132 967)	(132 967)	(154 816)	(145 259)	(154 524)
Finance charges		(417)	(1 117)	(1 680)	(487)	(1 797)	(1 797)	(1 797)	(1 171)	-	-
Transfers and Grants	1			-	(2 251)	-	-	-	(2 387)	(2 530)	(2 682)
NET CASH FROM/(USED) OPERATING ACTIVITIES		51 091	44 354	53 788	58 644	75 288	75 288	75 288	27 132	26 162	23 593
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE				268		527	527	527	-	-	-
Decrease (Increase) in non-current debtors					5 000				-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments				-					-	-	-
Payments											
Capital assets		(40 632)	(88 068)	(45 370)	(60 062)	(75 344)	(75 344)	(75 344)	(38 089)	-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		(40 632)	(88 068)	(45 102)	(55 062)	(74 817)	(74 817)	(74 817)	(38 089)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing		3 542	7 683						-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing				(6 257)		(2 803)	(2 803)	(2 803)	(3 137)	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		3 542	7 683	(6 257)	-	(2 803)	(2 803)	(2 803)	(3 137)	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		14 001	(36 031)	2 429	3 582	(2 332)	(2 332)	(2 332)	(14 094)	26 162	23 593
Cash/cash equivalents at the year begin:	2	64 828	78 829	42 798	45 227	45 227	45 227	45 227	42 895	28 801	54 963
Cash/cash equivalents at the year end:	2	78 828	42 798	45 227	48 809	42 895	42 895	42 895	28 801	54 963	78 557

**Table 13 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

KZN235 Okhahlamba - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	78 828	42 798	45 227	48 809	42 895	42 895	42 895	28 801	54 963	78 557
Other current investments > 90 days		1	1	(38 402)	12 790	12 057	12 057	12 057	13 623	1 306	(73 557)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		78 829	42 798	6 825	61 599	54 952	54 952	54 952	42 424	56 269	5 000
Application of cash and investments											
Unspent conditional transfers		26 211	10 720	-	-	-	-	-	25 140	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2								1 547		
Other working capital requirements	3	(11 490)	6 591	(8 351)	2 445	3 535	3 535	3 535	3 142	1 428	(9 390)
Other provisions				7 247					7 800		
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		14 721	17 311	(1 103)	2 445	3 535	3 535	3 535	37 629	1 428	(9 390)
Surplus(shortfall)		64 108	25 487	7 928	59 154	51 417	51 417	51 417	4 795	54 841	14 390

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

**TABLE 14 MBRR TABLE A9-ASSET MANAGEMENT**

KZN235 Okhahlamba - Table A9 Consolidated Asset Management

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	40 806	88 153	82 066	74 937	116 191	116 191	33 089	39 962	-
Infrastructure - Road transport		-	-	28 057	20 598	20 598	20 598	12 014	39 877	-
Infrastructure - Electricity		-	-	7 600	10 200	35 059	35 059	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		24 993	83 031	11 182	19 574	18 074	18 074	-	-	-
Infrastructure		24 993	83 031	46 839	50 372	73 731	73 731	12 014	39 877	-
Community		-	675	26 932	14 233	27 128	27 128	17 000	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	15 813	4 447	8 296	8 756	13 756	13 756	3 575	85	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	1 576	1 576	1 576	500	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	-	6 125	-	-	5 000	-	-
Infrastructure - Road transport		-	-	-	6 125	-	-	4 000	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	6 125	-	-	4 000	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	1 000	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	28 057	26 723	20 598	20 598	16 014	39 877	-
Infrastructure - Electricity		-	-	7 600	10 200	35 059	35 059	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		24 993	83 031	11 182	19 574	18 074	18 074	-	-	-
Infrastructure		24 993	83 031	46 839	56 497	73 731	73 731	16 014	39 877	-
Community		-	675	26 932	14 233	27 128	27 128	17 000	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		15 813	4 447	8 296	8 756	13 756	13 756	4 575	85	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	1 576	1 576	1 576	500	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	40 806	88 153	82 066	81 062	116 191	116 191	38 089	39 962	-
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5							12 014	39 877	
Infrastructure - Electricity										
Infrastructure - Water										
Infrastructure - Sanitation										
Infrastructure - Other								3 700		
Infrastructure		-	-	-	-	-	-	15 714	39 877	-
Community								17 400		
Heritage assets										
Investment properties		-	-	-	-	-	-	-	-	-
Other assets								2 100	85	
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	400	550	550	550	1 050	1 050	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	-	-	400	550	550	550	36 264	41 012	-
EXPENDITURE OTHER ITEMS										
<u>Depreciation &amp; asset impairment</u>	3	5 117	9 594	12 230	12 963	20 101	20 101	21 240	13 525	14 303
<u>Repairs and Maintenance by Asset Class</u>		-	-	6 000	4 805	5 805	5 805	7 249	5 290	5 597
Infrastructure - Road transport		-	-	6 000	4 805	5 805	5 805	3 000	5 290	5 597
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	6 000	4 805	5 805	5 805	3 000	5 290	5 597
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	-	-	-	-	-	4 249	-	-
TOTAL EXPENDITURE OTHER ITEMS		5 117	9 594	18 230	17 768	25 906	25 906	28 489	18 815	19 900
Renewal of Existing Assets as % of total capex		0,0%	0,0%	0,0%	7,6%	0,0%	0,0%	13,1%	0,0%	0,0%
Renewal of Existing Assets as % of deprecn"		0,0%	0,0%	0,0%	47,2%	0,0%	0,0%	23,5%	0,0%	0,0%
R&M as a % of PPE		0,0%	0,0%	3,1%	1,8%	2,2%	2,2%	2,1%	1,7%	0,0%
Renewal and R&M as a % of PPE		0,0%	0,0%	1500,0%	1987,0%	1055,0%	1055,0%	34,0%	13,0%	0,0%

## Table 14 MBRR Table A10 - Basic Service Delivery Measurement

KZN235 Okhahlamba - Table A10 Consolidated basic service delivery measurement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Household service targets</b>	1									
<u>Water:</u>										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
<u>Energy:</u>										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
<u>Refuse:</u>										
Removed at least once a week		2 580	2 580	2 580	2 580	2 580	2 580	2 580	2 580	2 580
<i>Minimum Service Level and Above sub-total</i>		2 580	2 580	2 580	2 580	2 580	2 580	2 580	2 580	2 580
Removed less frequently than once a week		318	318	318	318	318	318	318	318	318
Using communal refuse dump		510	510	510	510	510	510	510	510	510
Using own refuse dump		20 766	20 767	20 767	20 767	20 767	20 767	20 767	20 767	20 767
Other rubbish disposal		333	333	333	333	333	333	333	333	333
No rubbish disposal		3 398	3 413	3 413	3 413	3 413	3 413	613	613	613
<i>Below Minimum Service Level sub-total</i>		25 325	25 341	25 341	25 341	25 341	25 341	22 541	22 541	22 541
Total number of households	5	27 905	27 921	27 921	27 921	27 921	27 921	25 121	25 121	25 121
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>		-	-	-	-	-	-	-	-	-
<b>Total cost of FBS provided</b>		-	-	-	-	-	-	-	-	-
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	4 018	4 698	4 698	4 698	4 980	10 014	10 595
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		355	354	365	387	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
<b>Total revenue cost of subsidised services provided</b>	6	355	354	4 384	5 085	4 698	4 698	4 980	10 014	10 595

## Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

## Part 2 – Supporting Documentation

### 2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### 2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2013) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule

#### 2.1.2 IDP and Service Delivery and Budget Implementation Plan

The Municipal IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly

inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2016/17 MTREF, based on the approved 2016/17 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2016/17 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2016/17 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### **2.1.3 Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2016/17 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2016/17 MTREF:

- Okhahlamba growth
- Policy priorities and strategic objectives
- Asset maintenance
- The approved 2015/16 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Budget Circulars has been taken into consideration in the planning and prioritisation process.

### **2.1.4 Community Consultation**

The draft 2016/17 MTREF as tabled before Council on the 24 February 2016 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various stations.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process from 1 to 26 November 2015 and one from 25 February 2016 to 20 March 2016. The applicable dates and venues were published in all the local newspapers and on average attendance of 150 was recorded per meeting. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and izimbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the process of finalisation of the 2016/17 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the usual issues and concerns raised as well as comments received during the consultation processes:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The Municipality is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially waste removal backlogs and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- Issues were raised regarding the payment of bonuses to senior managers;
- Remuneration packages of council officials were criticized as being very high, relative their private sector counterparts within the Municipality ;
- The affordability of tariff increases, especially electricity, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth;
- Pensioners cannot afford the tariff increases due to low annual pension increases; and
- During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.
- The 2016/17 Division of Revenue Act (DORA) grant allocations were finalized and aligned to the gazette allocations; and
- Funding was allocated to address metering discrepancies and unmetered premises.

## **2.2 Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality response to these requirements.

- 

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2014/15MTREF and further planning refinements that have directly informed the compilation of the budget:

### **IDP Strategic Objectives**

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.



Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others;
  - Provide waste removal;
2. Economic growth and development that leads to sustainable job creation by:
  - Ensuring there is a clear structural plan for the Municipality ;
  - Ensuring planning processes function in accordance with set timeframes;
  - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
  - Effective implementation of the Indigent Policy;
  - Working with the provincial department of health to provide primary health care services;
  - Extending waste removal services and ensuring effective city cleansing;
  - Ensuring all waste water treatment works are operating optimally;
  - Working with strategic partners such as SAPS to address crime;
  - Ensuring safe working environments by effective enforcement of building and health regulations;
  - Promote viable, sustainable communities through proper zoning; and
  - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
  - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
  - Optimizing effective community participation in the ward committee system; and
  - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance through:
  - Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
  - Reviewing the use of contracted services
  - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
  - Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by

the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipal ;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2014/15 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 15 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

KZN235 Okhahlamba - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand													
Property rates				15 183		27 566	28 762	29 030	29 030	30 772	32 556	34 445	
Property Rates penalties				2 470		3 189	1 823	1 823	1 823	1 932	2 044	2 162	
Service charges - refuse revenue						365	387	1 905	1 905	2 019	2 136	2 260	
Rental of facilities and equipment				355		99	105	105	105	111	118	124	
Interest earned - external investments				22		2 140	2 268	2 268	2 268	2 998	2 544	2 691	
Fines				2 535		354	375	407	407	435	110	117	
Licences and permits				151		509	396	406	406	1 570	437	463	
Agency services						591	482	637	637	675	209	221	
Transfers recognised - operational				68 240	74 172	90 039	104 103	134 028	134 028	147 418	105 198	110 145	
Other revenue				787	34 227	1 385	1 960	1 524	1 524	1 616	3 004	2 389	
Gains on disposal of PPE						228		354	354	375	397	420	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	89 744	108 398	126 465	140 661	172 486	172 486	189 920	148 753	155 437

**Table 16 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

KZN235 Okhahlamba - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
Employee related costs				27 712		41 012	43 361	47 929	47 929	54 355	59 113	63 251
Remuneration of councillors				6 783		7 340	7 765	8 608	8 608	8 651	9 258	9 906
Debt impairment				4 886		4 322	2 582	4 582	4 582	6 500	1 534	1 623
Depreciation & asset impairment				4 478		12 230	12 963	20 101	20 101	21 240	11 054	11 695
Finance charges				679		2 298	487	3 620	3 620	1 171	573	606
Other materials						1 325	1 539	1 967	1 967	2 630	1 386	1 466
Contracted services						3 545	3 364	3 425	3 425	3 922	4 156	4 403
Transfers and grants						7 237	7 671	2 275	2 275	2 387	2 530	2 682
Other expenditure				28 794	103 682	46 346	63 831	83 481	83 481	73 751	59 120	60 423
Loss on disposal of PPE						149					177	187

**Table 17 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

**2.3 Measurable performance objectives and indicators**

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee’s performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages.

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

**Definition of performance information concepts**

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

**Table 18 MBRR Table SA7 - Measurable performance objectives**

Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Vote 1 - vote name</b>										
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
	Number of households	100,0%	100,0%	100,0%	100,0%			100,0%	100,0%	100,0%
Sub-function 2 - (name)										
<i>Insert measure/s description</i>	Actual Amount spent	4209042,3%	2915892,0%	7500000,0%				75,0%	85,0%	75,0%
Sub-function 3 - (name)										
<i>Insert measure/s description</i>	Actual amount spent			6433623,0%	10000000,0%			75,0%	65,0%	63,0%
Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>	Number	1645,0%	1645,0%					80,0%	75,0%	75,0%
Sub-function 2 - (name)										
<i>Insert measure/s description</i>	Rand amount	1221837,0%	7189422,0%	4000000,0%	4000000,0%					
Sub-function 3 - (name)										
<i>Insert measure/s description</i>	Rand amount		1462582,0%		2000000,0%					
<b>Vote 2 - vote name</b>										
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>	Rand amount		4061399,0%							
Sub-function 2 - (name)										
<i>Insert measure/s description</i>	Rand amount	559606,0%	1694831,0%							
Sub-function 3 - (name)										
<i>Insert measure/s description</i>	Rand amount	2199550,0%	2145615,0%							
Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>	Rand Amount		1207504,0%							
Sub-function 2 - (name)										
<i>Insert measure/s description</i>	Rand amount	1340919,0%	3208681,0%							
Sub-function 3 - (name)										
<i>Insert measure/s description</i>	Rand amount	1519942,0%	1684295,0%							
<b>Vote 3 - vote name</b>										
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>	number of job created	60,0%	232,0%	233,0%						
Sub-function 2 - (name)										
<i>Insert measure/s description</i>	No of supported SMME's		28,0%							
Sub-function 3 - (name)										
<i>Insert measure/s description</i>	Date of completion of		20 August							
Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>	Amount spent			1067000,0%	1131020,0%					
Sub-function 2 - (name)										
<i>Insert measure/s description</i>	Amount spent			1000000,0%	3000000,0%					
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										

### KZN235 Okhahlamba - Entities measureable performance objectives

[illegible]

The following table sets out the municipalities main performance objectives and benchmarks for the 2016/17 MTREF.

**Table 19 MBRR Table SA8 - Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b><u>Borrowing Management</u></b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0,6%	1,1%	3,3%	2,3%	3,7%	3,7%	3,7%	2,1%	2,3%	0,3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	1,9%	3,3%	11,5%	8,5%	14,7%	14,7%	14,7%	8,3%	7,9%	1,2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	52,8%	19,6%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	2,1	2,0	1,5	3,1	3,1	3,1	3,1	2,5	2,6	–
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2,1	2,0	0,8	3,1	3,1	3,1	3,1	2,5	2,6	–
Liquidity Ratio	Monetary Assets/Current Liabilities	1,8	1,2	0,2	2,1	2,1	2,1	2,1	1,7	2,0	–
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100,0%	62,1%	97,5%	92,9%	88,6%	88,6%	88,6%	101,5%	102,2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		100,0%	62,1%	97,5%	76,7%	88,6%	88,6%	88,6%	83,3%	83,5%	0,0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	12,3%	24,9%	32,1%	22,4%	21,7%	21,7%	21,7%	14,2%	11,0%	0,0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		21,4%	58,9%	343,5%	348,1%	-324,4%	-324,4%	-324,4%	112,2%	75,4%	0,0%
<b><u>Other Indicators</u></b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	29,7%	32,1%	32,4%	30,9%	31,5%	31,5%	31,5%	34,7%	35,1%	35,9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	80,4%	22,4%	38,1%	60,6%	33,7%	34,8%		40,2%	40,1%	40,6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2,1%	4,9%	8,1%	7,1%	7,6%	7,6%		7,0%	7,0%	7,0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	5,9%	9,5%	11,5%	9,6%	10,7%	10,7%	10,7%	9,3%	9,4%	9,5%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	6,3	8,5	7,5	7,5	7,5	7,5	6,9	7,1	–	–
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	63,5%	110,0%	130,2%	101,1%	108,9%	108,9%	108,9%	65,7%	51,0%	0,0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	18,8	7,4	1,1	1,2	(1,2)	(1,2)	(1,2)	2,8	5,2	4,0

### **2.3.1 Performance indicators and benchmarks**

#### *2.3.1.1 Borrowing Management*

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Okhahlamba Local Municipality borrowing strategy is primarily informed by the affordability of debt repayments.

#### *2.3.1.2 Revenue Management*

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

#### *2.3.1.3 Creditors Management*

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Okhahlamba business.

### **2.3.2 Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of rates, only registered indigents qualify for the free basic services.

## **2.4 Overview of budget related-policies**

The Municipality budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.



#### **2.4.1 Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (60 %) of annual billings. Cash flow is assumed to be 60% of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

#### **2.4.2 Growth or decline in tax base of the municipality**

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

#### **2.4.3 Salary increases**

The collective agreement regarding salaries/wages came into operation on 1 July 2015 and shall remain in force until 30 June 2018. Year three is an across the board increase of 7 %

#### **2.4.4 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

#### **2.4.5 Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 80% is achieved on operating expenditure and 90% on the capital programme for the 2016/17 MTREF of which performance has been factored into the cash flow budget.

### **2.5 Overview of budget funding**

#### **2.5.1 Operating revenue, Loan and DORA Allocation**

#### **Figure 1 Sources of capital revenue for the 2016/17 financial year**

Borrowing still remains a significant funding source for the capital programme estimated R15 million to be raised for each of the respective financial years totalling 9 per cent of the total funding of the capital budget for each of the respective financial years of the MTREF. As explained earlier, the borrowing capacity of the Municipality has essentially reached its limits and going forward borrowing limits will remain constant.

**Table 20 MBRR Table SA 18 - Capital transfers and grant receipts**

KZN235 Okhahlamba - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
National Government:		64 794	72 669	83 162	103 027	127 027	127 027	119 301	104 193	108 930
Local Government Equitable Share		62 494	69 129	79 269	98 494	98 494	98 494	96 932	102 293	107 030
Municipal Systems Improvement		1 500	1 650	934	930	930	930	-	-	-
Finance Management		800	890	1 800	1 800	1 800	1 800	1 825	1 900	1 900
EPWP Incentive			1 000	1 159	1 803	1 803	1 803	2 934	-	-
Integrated National Electrification Programme						10 000	10 000	11 500	-	-
Massification Grant						14 000	14 000	6 110	-	-
Provincial Government:		150	1 209	1 145	1 076	7 001	7 001	1 103	1 153	1 212
Sport and Recreation		150	150			5 925	5 925			
Provincialisaiton : Libraries And Archives			1 059	700	719	719	719	727	757	796
Subsidies : Libraries And Archives				146	191	191	191	201	212	223
Museum				299	166	166	166	175	184	193
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Operating Transfers and Grants</b>	5	64 944	73 878	84 307	104 103	134 028	134 028	120 404	105 346	110 142
<b>Capital Transfers and Grants</b>										
National Government:		25 094	24 650	34 149	37 456	27 456	27 456	27 014	28 907	30 388
Municipal Infrastructure Grant (MIG)		23 233	24 650	26 537	27 456	27 456	27 456	27 014	28 907	30 388
Intergrated National Electrification Projects		1 861		7 612	10 000					
Provincial Government:		-	-	-	-	20 000	20 000	-	-	-
Grant Massification						20 000	20 000			
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Capital Transfers and Grants</b>	5	25 094	24 650	34 149	37 456	47 456	47 456	27 014	28 907	30 388
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		90 038	98 528	118 456	141 559	181 484	181 484	147 418	134 253	140 530

## 2.5.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and

- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

KZN235 Okhahlamba - Table A7 Consolidated Budgeted Cash Flows

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates, penalties & collection charges			17 653	15 586	24 284	23 394	25 149	25 149	25 149	29 433	31 140	31 195
Service charges			355	310	401	368	1 600	1 600	1 600	2 019	2 136	2 260
Other revenue			29 644	3 700	1 672	2 670	350	350	350	3 637	3 878	4 122
Government - operating		1	65 614	72 819	99 777	104 103	132 496	132 496	132 496	120 404	105 346	110 142
Government - capital		1	34 887	29 650	41 014	37 456	47 456	47 456	47 456	27 014	28 907	30 388
Interest			2 535	3 529	3 910	2 268	3 000	3 000	3 000	2 998	2 544	2 691
Dividends						-	-			-	-	-
Payments												
Suppliers and employees			(99 181)	(80 124)	(115 590)	(108 876)	(132 967)	(132 967)	(132 967)	(154 816)	(145 259)	(154 524)
Finance charges			(417)	(1 117)	(1 680)	(487)	(1 797)	(1 797)	(1 797)	(1 171)	-	-
Transfers and Grants		1			-	(2 251)	-	-	-	(2 387)	(2 530)	(2 682)
NET CASH FROM/(USED) OPERATING ACTIVITIES			51 091	44 354	53 788	58 644	75 288	75 288	75 288	27 132	26 162	23 593
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE					268		527	527	527	-	-	-
Decrease (Increase) in non-current debtors						5 000				-	-	-
Decrease (increase) other non-current receivables										-	-	-
Decrease (increase) in non-current investments					-					-	-	-
Payments												
Capital assets			(40 632)	(88 068)	(45 370)	(60 062)	(75 344)	(75 344)	(75 344)	(38 089)	-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES			(40 632)	(88 068)	(45 102)	(55 062)	(74 817)	(74 817)	(74 817)	(38 089)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans										-	-	-
Borrowing long term/refinancing			3 542	7 683						-	-	-
Increase (decrease) in consumer deposits										-	-	-
Payments												
Repayment of borrowing					(6 257)		(2 803)	(2 803)	(2 803)	(3 137)	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES			3 542	7 683	(6 257)	-	(2 803)	(2 803)	(2 803)	(3 137)	-	-
NET INCREASE/ (DECREASE) IN CASH HELD												
Cash/cash equivalents at the year begin:		2	14 001	(36 031)	2 429	3 582	(2 332)	(2 332)	(2 332)	(14 094)	26 162	23 593
Cash/cash equivalents at the year end:		2	64 828	78 829	42 798	45 227	45 227	45 227	45 227	42 895	28 801	54 963
		2	78 828	42 798	45 227	48 809	42 895	42 895	42 895	28 801	54 963	78 557

### 2.5.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash.

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

### 2.5.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes

directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

**Table 21 MBRR SA10 – Funding compliance measurement**

KZN235 Okhahlamba Supporting Table SA10 Funding measurement

KZN235 Okhahlamba Supporting Table SA10 Funding measurement												
Description	MFMA section	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	78 828	42 798	45 227	48 809	42 895	42 895	42 895	28 801	54 963	78 557
Cash + investments at the yr end less applications - R'000	18(1)b	2	64 108	25 487	7 928	59 154	51 417	51 417	51 417	4 795	54 841	14 390
Cash year end/monthly employee/supplier payments	18(1)b	3	18,8	7,4	7,4	7,2	5,1	5,1	5,1	3,3	7,6	8,6
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	54 403	57 851	43 310	43 876	37 954	37 954	37 954	14 719	19 773	(24 257)
Service charge rev % change - macro CPX target exclusive	18(1)a,(2)	5	N.A.	36,9%	15,9%	(6,6%)	1,1%	(6,0%)	(6,0%)	0,0%	(13,9%)	(6,3%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	247,8%	66,1%	78,2%	79,1%	75,6%	75,6%	75,6%	89,7%	104,0%	104,9%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	19,5%	21,2%	14,1%	8,4%	14,0%	14,0%	14,0%	18,7%	9,1%	9,6%
Capital payments % of capital expenditure	18(1)c,19	8	97,8%	99,9%	71,1%	89,2%	84,8%	84,8%	84,8%	100,0%	0,0%	0,0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	47,5%	19,6%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Grants % of Gov't legislated/gazetted allocations	18(1)a	10								0,0%	0,0%	0,0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	145,6%	44,4%	(22,7%)	0,0%	0,0%	0,0%	(24,5%)	6,0%	(64,3%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0,0%	0,0%	3,1%	1,8%	2,2%	2,2%	2,7%	2,1%	1,7%	0,0%
Asset renewal % of capital budget	20(1)(vi)	14	0,0%	0,0%	0,0%	9,1%	0,0%	0,0%	0,0%	13,1%	0,0%	0,0%

#### 2.5.4.1 Cash/cash equivalent position

The Municipality forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

#### 2.5.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

#### 2.5.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due

#### 2.5.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are

consuming over the medium term. For the 2016/17 /MTREF the indicative outcome is a surplus of R7 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

#### *2.5.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 6%). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 6% for the respective financial year of the 2016/17 MTREF. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

#### *2.5.4.6 Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

#### *2.5.4.7 Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 4.1, 4.0 and 4.0 %over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

#### *2.5.4.8 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

#### *2.5.4.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)*

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 9 per cent of own funded capital

#### *2.5.4.10 Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

#### *2.5.4.11 Consumer debtors change (Current and Non-current)*

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipal policy of settling debtors' accounts within 30 days.

#### *2.5.4.12 Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

#### *2.5.4.13 Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b on page 89.

## 2.6 Expenditure on grants and reconciliations of unspent funds

**Table 22 MBRR SA19 - Expenditure on transfers and grant programmes**

KZN235 Okhahlamba - Supporting Table SA19 Expenditure on transfers and grant programme

Description R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
National Government:		65 150	72 669	83 162	103 027	127 027	127 027	119 301	104 193	108 930
Local Government Equitable Share		62 494	69 129	79 269	98 494	98 494	98 494	96 932	102 293	107 030
Municipal Systems Improvement		1 667	1 650	934	930	930	930			
Finance Management		988	890	1 800	1 800	1 800	1 800	1 825	1 900	1 900
EPWP Incentive			1 000	1 159	1 803	1 803	1 803	2 934	-	-
Integrated National Electrification Programme						10 000	10 000	11 500	-	-
Massification Grant						14 000	14 000	6 110	-	-
Provincial Government:		145	-	1 145	1 076	7 001	7 001	1 103	1 153	1 212
Sport and Recreation						5 925	5 925			0
Provincialisation : Libraries And Archives				700	719	719	719	727	757	796
Subsidies : Libraries And Archives				146	191	191	191	201	212	223
Museum		145		299	166	166	166	175	184	193
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Total operating expenditure of Transfers and Grants</b>		65 294	72 669	84 307	104 103	134 028	134 028	120 404	105 346	110 142
<b>Capital expenditure of Transfers and Grants</b>										
National Government:		-	-	32 537	37 456	27 456	27 456	27 014	28 907	30 388
Municipal Infrastructure Grant (MIG)				26 537	27 456	27 456	27 456	27 014	28 907	30 388
Integrated National Electrification Projects				6 000	10 000	-	-			-
Provincial Government:		-	-	-	-	20 000	20 000	-	-	-
Grant Massification						20 000	20 000			
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Total capital expenditure of Transfers and Grants</b>		-	-	32 537	37 456	47 456	47 456	27 014	28 907	30 388
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		65 294	72 669	116 844	141 559	181 484	181 484	147 418	134 253	140 530



**Table 23 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

KZN235 Okhahlamba - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Operating transfers and grants:</b>	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts			1 000							
Conditions met - transferred to revenue		-	1 000	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year			11 721							
Current year receipts			444							
Conditions met - transferred to revenue		-	11 639	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities			526							
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Total operating transfers and grants revenue</b>		-	12 639	-	-	-	-	-	-	-
<b>Total operating transfers and grants - CTBM</b>	2	-	526	-	-	-	-	-	-	-
<b>Capital transfers and grants:</b>	1,3									
National Government:										
Balance unspent at beginning of the year			5 432							
Current year receipts										
Conditions met - transferred to revenue		-	1 803	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities			3 629							
Provincial Government:										
Balance unspent at beginning of the year			9 058							
Current year receipts			5 000							
Conditions met - transferred to revenue		-	(8 422)	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities			22 480							
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Total capital transfers and grants revenue</b>		-	(6 619)	-	-	-	-	-	-	-
<b>Total capital transfers and grants - CTBM</b>	2	-	26 109	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		-	6 020	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		-	26 635	-	-	-	-	-	-	-

## **2.7 Councilors and employee benefits**

**Table 24 MBRR SA22 - Summary of councilors and staff benefits**

Summary of Employee and Councillor remuneration	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
<b>Councillors (Political Office Bearers plus Other)</b>	1	A	B	C	D	E	F	G	H	I
Basic Salaries and Wages		4 762		5 033	5 033	6 004	6 004	6 003	6 400	6 848
Pension and UIF Contributions						-	-			
Medical Aid Contributions						-	-			
Motor Vehicle Allowance		1 597		1 702	1 888	2 006	2 006	2 001	2 172	2 324
Cellphone Allowance		321		370	370	536	536	584	619	662
Housing Allowances						-	-			
Other benefits and allowances		103		49	49	63	63	63	67	75
<b>Sub Total - Councillors</b>		6 783	-	7 154	7 340	8 608	8 608	8 651	9 258	9 909
% increase	4		(100,0%)	-	2,6%	17,3%	-	0,5%	7,0%	7,0%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		1 666		2 196						
Pension and UIF Contributions				127						
Medical Aid Contributions				17						
Overtime										
Performance Bonus				325						
Motor Vehicle Allowance		443		548						
Cellphone Allowance	3									
Housing Allowances	3	263		288						
Other benefits and allowances	3	28		37						
Payments in lieu of leave		5								
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Senior Managers of Municipality</b>		2 404	-	3 539	-	-	-	-	-	-
% increase	4		(100,0%)	-	(100,0%)	-	-	-	-	-
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		16 027		25 477	25 885	31 019	31 019	35 682	29 788	31 388
Pension and UIF Contributions		3 333		4 726	4 904	5 582	5 582	6 337	5 154	5 430
Medical Aid Contributions		651		980	1 022	1 097	1 097	1 843	1 029	1 084
Overtime		924		969	1 033	2 031	2 031	1 322	1 090	1 148
Performance Bonus						551	551	660		
Motor Vehicle Allowance	3	1 095		1 583	1 617	2 332	2 332	2 324	2 498	2 633
Cellphone Allowance	3					-	-			
Housing Allowances	3			66	57	510	510	653	399	420
Other benefits and allowances	3	2 749		2 467	2 830	3 977	3 977	4 174	3 645	3 842
Payments in lieu of leave		408		909	924	481	481	1 126	972	1 025
Long service awards		121		204	217	230	230	234	229	241
Post-retirement benefit obligations	6			91	120	120	120	234	229	133
<b>Sub Total - Other Municipal Staff</b>		25 308	-	37 474	38 609	47 929	47 929	54 355	44 929	47 345
% increase	4		(100,0%)	-	3,0%	24,1%	-	13,4%	(17,3%)	5,4%
<b>Total Parent Municipality</b>		34 495	-	48 166	45 948	56 537	56 537	63 007	54 187	57 255
			(100,0%)	-	(4,6%)	23,0%	-	11,4%	(14,0%)	5,7%
<b>Board Members of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									

Summary of Employee and Councillor remuneration	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Councillors (Political Office Bearers plus Other)	1	A	B	C	D	E	F	G	H	I
Basic Salaries and Wages		4 762		5 033	5 033	6 004	6 004	6 003	6 400	6 848
Pension and UIF Contributions						-	-			
Medical Aid Contributions						-	-			
Motor Vehicle Allowance		1 597		1 702	1 888	2 006	2 006	2 001	2 172	2 324
Cellphone Allowance		321		370	370	536	536	584	619	662
Housing Allowances						-	-			
Other benefits and allowances		103		49	49	63	63	63	67	75
Sub Total - Councillors		6 783	-	7 154	7 340	8 608	8 608	8 651	9 258	9 909
% increase	4		(100,0%)	-	2,6%	17,3%	-	0,5%	7,0%	7,0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		1 666		2 196						
Pension and UIF Contributions				127						
Medical Aid Contributions				17						
Overtime										
Performance Bonus				325						
Motor Vehicle Allowance		443		548						
Cellphone Allowance	3									
Housing Allowances	3	263		288						
Other benefits and allowances	3	28		37						
Payments in lieu of leave		5								
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		2 404	-	3 539	-	-	-	-	-	-
% increase	4		(100,0%)	-	(100,0%)	-	-	-	-	-
Other Municipal Staff										
Basic Salaries and Wages		16 027		25 477	25 885	31 019	31 019	35 682	29 788	31 388
Pension and UIF Contributions		3 333		4 726	4 904	5 582	5 582	6 337	5 154	5 430
Medical Aid Contributions		651		980	1 022	1 097	1 097	1 843	1 029	1 084
Overtime		924		969	1 033	2 031	2 031	1 322	1 090	1 148
Performance Bonus						551	551	660		
Motor Vehicle Allowance	3	1 095		1 583	1 617	2 332	2 332	2 324	2 498	2 633
Cellphone Allowance	3					-	-			
Housing Allowances	3			66	57	510	510	653	399	420
Other benefits and allowances	3	2 749		2 467	2 830	3 977	3 977	4 174	3 645	3 842
Payments in lieu of leave		408		909	924	481	481	1 126	972	1 025
Long service awards		121		204	217	230	230	234	229	241
Post-retirement benefit obligations	6			91	120	120	120		126	133
Sub Total - Other Municipal Staff		25 308	-	37 474	38 609	47 929	47 929	54 355	44 929	47 345
% increase	4		(100,0%)	-	3,0%	24,1%	-	13,4%	(17,3%)	5,4%
Total Parent Municipality		34 495	-	48 166	45 948	56 537	56 537	63 007	54 187	57 255
			(100,0%)	-	(4,6%)	23,0%	-	11,4%	(14,0%)	5,7%
Board Members of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Senior Managers of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Other Staff of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									

KZN235 Okhahlamba - Supporting Table SA23 Salaries, allowances &amp; benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<b>Councillors</b>	3							
Speaker	4		551 097		49 313			600 410
Chief Whip								–
Executive Mayor			658 871		86 926			745 797
Deputy Executive Mayor			551 097		49 579			600 676
Executive Committee			648 907		285 829			934 736
Total for all other councillors			3 617 691		2 152 170			5 769 861
<b>Total Councillors</b>	8	–	6 027 663	–	2 623 817			8 651 480
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)			819 556		166 472	128 495		1 114 523
Chief Finance Officer			534 805		309 302	109 887		953 994
Director Social			570 277		273 926	109 887		954 090
Director Technical			488 935		363 862	109 887		962 684
Director Corporate			624 688		248 972	109 887		983 547
<i>List of each official with packages &gt;= senior manager</i>								–
								–
								–
								–
								–
								–
								–
								–
								–
<b>Total Senior Managers of the Municipality</b>	8,10	–	3 038 261	–	1 362 534	568 043		4 968 838
<b>A Heading for Each Entity</b>	6,7							
List each member of board by designation								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
<b>Total for municipal entities</b>	8,10	–	–	–	–	–		–
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	10	–	9 065 924	–	3 986 351	568 043		13 620 318

(Note that National Treasury has deliberately left the above table blank so as not to appear to be setting benchmarks for acceptable remuneration levels for the relevant positions. Municipalities MUST, however, provide the required information as applicable to their municipalities)

**Table 26 MBRR SA24 – Summary of personnel numbers**

KZN235 Okhahlamba - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2014/15			Current Year 2015/16			Budget Year 2016/17		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		28		28	28		28	28		28
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	4		4	5		5	5	–	5
Other Managers	7	5	4	1	22	20	2	22	20	2
Professionals		165	130	35	282	166	116	287	171	116
Finance		23	17	6	29	18	11	33	23	10
Spatial/town planning		1	1	–				1	1	–
Information Technology					6	5	1	6	4	2
Roads										
Electricity										
Water										
Sanitation										
Refuse		83	73	10	51	49	2	51	49	2
Other		58	39	19	196	94	102	196	94	102
Technicians		–	–	–	–	–	–	–	–	–
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Clerks (Clerical and administrative)										
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
<b>TOTAL PERSONNEL NUMBERS</b>	9	202	134	68	337	186	151	342	191	151
% increase					66,8%	38,8%	122,1%	1,5%	2,7%	–
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

## 2.8 Monthly targets for revenue, expenditure and cash flow

## Table 27 MBRR SA25 - Budgeted monthly revenue and expenditure

KZN235 Okhahlamba - Supporting Table SA25 Consolidated budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue By Source</b>																
Property rates		2 581	2 491	2 491	2 391	2 291	2 591	2 691	2 491	2 391	2 691	2 791	2 876	30 772	27 811	29 424
Property rates - penalties & collection charges		161	161	161	161	161	161	161	161	161	161	161	161	1 932	2 044	216
Service charges - electricity revenue														-	-	-
Service charges - water revenue														-	-	-
Service charges - sanitation revenue														-	-	-
Service charges - refuse revenue		168	168	168	168	168	168	168	168	168	168	168	168	2 019	2 136	2 280
Service charges - other														-	-	-
Rental of facilities and equipment		9	9	9	9	9	9	9	9	9	9	9	9	111	95	101
Interest earned - external investments		200	200	200	200	200	200	200	200	200	200	200	200	2 404	2 544	2 691
Interest earned - outstanding debtors														-	-	-
Dividends received														-	-	-
Fines		36	35	38	39	37	38	36	38	38	37	36	29	435	142	151
Licences and permits		131	140	130	135	129	146	153	100	186	105	100	118	1 570	445	470
Agency services		53	53	53	53	53	53	53	53	53	53	53	87	675	209	221
Transfers recognised - operational		41 626				31 220				31 220			16 339	120 404	110 101	116 487
Other revenue													1 616	1 616	2 829	2 995
Gains on disposal of PPE													375	375	397	420
<b>Total Revenue (excluding capital transfers and contributions)</b>		44 976	3 257	3 250	3 157	34 268	3 366	3 471	3 221	34 426	3 425	3 518	21 977	162 312	148 753	155 437
<b>Expenditure By Type</b>																
Employee related costs		4 323	4 423	4 323	4 323	4 423	4 323	4 553	4 453	4 753	4 453	4 953	5 058	54 355	52 024	55 631
Remuneration of councillors		721	721	721	721	721	721	721	721	721	721	721	720	8 651	9 259	9 907
Debt impairment		198	178	208	188	208	208	178	208	198	198	208	4 321	6 500	2 901	3 075
Depreciation & asset impairment		1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	9 698	21 240	13 525	14 303
Finance charges		90	90	90	90	90	90	90	90	90	90	90	183	1 171	454	481
Bulk purchases														-	-	-
Other materials		219	189	159	289	139	275	269	179	300	219	225	166	2 630	1 058	1 119
Contracted services		270	270	270	270	270	270	270	270	270	270	270	948	3 922	4 156	4 403
Transfers and grants		199	199	199	199	199	199	199	199	200	199	199	197	2 387	8 620	9 073
Other expenditure		5 362	5 988	6 214	6 261	7 262	7 265	5 831	6 253	6 823	7 263	6 953	2 273	73 751	36 983	81 702
Loss on disposal of PPE														-	-	-
<b>Total Expenditure</b>		12 432	13 107	13 234	13 391	14 361	14 401	13 161	13 422	14 404	14 462	14 669	23 565	174 608	128 980	179 694
<b>Surplus/(Deficit)</b>		32 544	(9 850)	(9 984)	(10 234)	19 907	(11 035)	(9 690)	(10 201)	20 022	(11 037)	(11 151)	(1 588)	(12 295)	19 773	(24 257)
Transfers recognised - capital													27 014	27 014	-	-
Contributions recognised - capital														-	-	-
Contributed assets														-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		32 544	(9 850)	(9 984)	(10 234)	19 907	(11 035)	(9 690)	(10 201)	20 022	(11 037)	(11 151)	25 426	14 719	19 773	(24 257)
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
<b>Surplus/(Deficit)</b>	1	32 544	(9 850)	(9 984)	(10 234)	19 907	(11 035)	(9 690)	(10 201)	20 022	(11 037)	(11 151)	25 426	14 719	19 773	(24 257)

## Table 28 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

KZN235 Okhahlamba - Supporting Table SA26 Consolidated budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue by Vote</b>																
Vote 1 - Council		4	4	48 470	4	4	29 083	4	4	19 414	4	5	354	97 352	104 464	110 523
Vote 2 - Finance		4 738	2 913	3 313	3 013	2 713	2 813	3 513	2 913	3 213	3 113	3 413	2 816	38 486	36 986	58 581
Vote 3 - Corporate		5	5	8	5	5	7	5	5	5	5	5	6	65	48	50
Vote 4 - Library		9	8	8	7	8	9	209	6	736	10	11	12	1 030	1 128	1 194
Vote 5 - Museum		15	15	15	15	15	15	15	15	15	15	15	14	175	187	198
Vote 6 - Traffic		223	163	203	193	213	153	133	225	191	183	183	134	2 201	1 545	1 654
Vote 7 - Technical		920	1 420	16 927	1 020	1 020	11 525	1 120	1 310	5 823	1 900	3 420	1 446	47 853	42 316	44 191
Vote 8 - Tourism		12	12	12	12	12	12	12	12	12	12	12	12	145	153	162
Vote 9 - Refuse Removal		168	168	168	168	168	168	168	168	168	168	168	168	2 019	2 136	2 280
Vote 10 - Municipal Manager														-	-	-
Vote 11 - Social Services														-	-	-
Vote 12 - (NAME OF VOTE 12)														-	-	-
Vote 13 - (NAME OF VOTE 13)														-	-	-
Vote 14 - (NAME OF VOTE 14)														-	-	-
Vote 15 - (NAME OF VOTE 15)														-	-	-
<b>Total Revenue by Vote</b>		6 094	4 709	69 124	4 438	4 159	43 785	5 179	4 658	29 577	5 410	7 232	4 961	189 326	188 963	218 812
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Council		3 221	4 221	5 521	2 371	808	1 671	1 921	1 521	2 022	1 061	1 011	2 508	27 857	29 809	31 459
Vote 2 - Finance		3 757	2 057	2 757	1 957	1 907	2 057	1 757	2 137	2 167	2 057	2 257	2 441	27 313	21 275	22 597
Vote 3 - Corporate		1 654	1 558	1 759	2 189	1 499	2 156	1 199	1 757	1 790	1 595	1 613	1 076	19 844	24 244	25 790
Vote 4 - Library		111	111	111	111	111	111	111	111	111	111	111	273	1 492	1 420	1 517
Vote 5 - Museum		49	43	47	46	44	43	49	43	47	41	40	46	540	637	680
Vote 6 - Traffic		753	701	896	746	696	857	997	887	596	695	560	650	9 033	4 423	4 718
Vote 7 - Technical		2 955	2 955	2 955	2 955	2 955	2 955	2 955	2 955	2 955	2 955	2 955	28 862	59 366	37 709	40 104
Vote 8 - Tourism		203	203	203	203	203	203	203	203	203	203	203	203	2 439	5 913	6 266
Vote 9 - Refuse Removal		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Municipal Manager		706	706	706	706	706	706	706	706	706	706	706	705	8 466	8 061	8 594
Vote 11 - Social Services		1 522	1 522	1 522	1 522	1 522	1 522	1 522	1 522	1 522	1 522	1 522	1 522	18 258	17 461	18 554
Vote 12 - (NAME OF VOTE 12)														-	-	-
Vote 13 - (NAME OF VOTE 13)														-	-	-
Vote 14 - (NAME OF VOTE 14)														-	-	-
Vote 15 - (NAME OF VOTE 15)														-	-	-
<b>Total Expenditure by Vote</b>		14 930	14 076	16 476	12 806	10 450	12 281	11 419	11 842	12 118	10 946	10 977	36 286	174 607	150 951	160 279
<b>Surplus/(Deficit) before assoc.</b>		(8 835)	(9 368)	52 648	(8 368)	(6 292)	31 504	(6 240)	(7 183)	17 459	(5 536)	(3 745)	(31 325)	14 719	38 012	58 533
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
<b>Surplus/(Deficit)</b>	1	(8 835)	(9 368)	52 648	(8 368)	(6 292)	31 504	(6 240)	(7 183)	17 459	(5 536)	(3 745)	(31 325)	14 719	38 012	58 533

## Table 29 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

KZN235 Okhahlamba - Supporting Table SA27 Consolidated budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue - Standard</b>																
<i>Governance and administration</i>		4 747	2 922	51 791	3 022	2 722	31 903	3 522	2 922	22 632	3 122	3 423	3 176	135 903	141 497	169 154
Executive and council		4	4	48 470	4	4	29 083	4	4	19 414	4	5	354	97 352	104 464	110 523
Budget and treasury office		4 738	2 913	3 313	3 013	2 713	2 813	3 513	2 913	3 213	3 113	3 413	2 816	38 486	36 986	58 581
Corporate services		5	5	8	5	5	7	5	5	5	5	5	6	65	48	50
<i>Community and public safety</i>		247	186	226	215	236	177	357	246	942	208	25	343	3 406	1 640	1 735
Community and social services		247	186	226	215	236	177	357	246	942	208	25	343	3 406	1 640	1 735
Sport and recreation														-	-	-
Public safety														-	-	-
Housing														-	-	-
Health														-	-	-
<i>Economic and environmental services</i>		920	1 420	16 927	1 020	1 020	11 525	1 120	1 310	5 823	1 900	3 420	1 446	47 853	42 316	44 191
Planning and development		920	1 420	16 927	1 020	1 020	11 525	1 120	1 310	5 823	1 900	3 420	1 446	47 853	42 316	44 191
Road transport														-	-	-
Environmental protection														-	-	-
<i>Trading services</i>		168	168	168	168	168	168	168	168	168	168	168	168	2 019	2 136	2 260
Electricity														-	-	-
Water														-	-	-
Waste water management														-	-	-
Waste management		168	168	168	168	168	168	168	168	168	168	168	168	2 019	2 136	2 260
<i>Other</i>		12	12	12	12	12	12	12	12	12	12	12	12	145	153	162
<b>Total Revenue - Standard</b>		6 094	4 709	69 124	4 438	4 159	43 785	5 179	4 658	29 577	5 410	7 049	5 145	189 326	187 743	217 502
<b>Expenditure - Standard</b>																
<i>Governance and administration</i>		9 338	8 542	10 743	7 223	4 919	6 590	5 583	6 121	6 684	5 419	5 587	6 729	83 479	84 617	89 930
Executive and council		3 927	4 927	6 227	3 077	1 513	2 377	2 627	2 227	2 727	1 767	1 717	3 213	36 323	39 089	41 543
Budget and treasury office		3 757	2 057	2 757	1 957	1 907	2 057	1 757	2 137	2 167	2 057	2 257	2 441	27 313	21 275	22 587
Corporate services		1 654	1 558	1 759	2 189	1 499	2 158	1 199	1 757	1 790	1 595	1 613	1 076	19 844	24 244	25 790
<i>Community and public safety</i>		2 434	2 376	2 575	2 424	2 373	2 532	2 678	2 562	2 275	2 369	2 232	2 492	29 323	23 940	25 469
Community and social services		2 434	2 376	2 575	2 424	2 373	2 532	2 678	2 562	2 275	2 369	2 232	2 492	29 323	23 940	25 469
Sport and recreation														-	-	-
Public safety														-	-	-
Housing														-	-	-
Health														-	-	-
<i>Economic and environmental services</i>		5 189	5 189	5 189	5 189	5 189	5 189	5 189	5 189	5 189	5 189	5 189	2 286	59 366	37 709	40 104
Planning and development		5 189	5 189	5 189	5 189	5 189	5 189	5 189	5 189	5 189	5 189	5 189	2 286	59 366	37 709	40 104
Road transport														-	-	-
Environmental protection														-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-		-	-	-
Electricity														-	-	-
Water														-	-	-
Waste water management														-	-	-
Waste management														-	-	-
<i>Other</i>		203	203	203	203	203	203	203	203	203	203	203	203	2 439	5 913	6 266
<b>Total Expenditure - Standard</b>		17 164	16 310	18 711	15 040	12 684	14 515	13 653	14 076	14 352	13 181	13 211	11 711	174 607	152 179	161 769
Surplus/(Deficit) before assoc.		(11 070)	(11 602)	50 414	(10 602)	(8 526)	29 270	(8 474)	(9 418)	15 225	(7 770)	(6 163)	(6 566)	14 719	35 563	55 733
Share of surplus/ (deficit) of associate														-	-	-
<b>Surplus/(Deficit)</b>	1	(11 070)	(11 602)	50 414	(10 602)	(8 526)	29 270	(8 474)	(9 418)	15 225	(7 770)	(6 163)	(6 566)	14 719	35 563	55 733

Table 30 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

KZN235 Okhahlamba - Supporting Table SA28 Consolidated budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Multi-year expenditure to be appropriated</b>	1															
Vote 1 - Council														-	-	-
Vote 2 - Finance														-	-	-
Vote 3 - Corporate														-	-	-
Vote 4 - Library														-	-	-
Vote 5 - Museum														-	-	-
Vote 6 - Traffic														-	-	-
Vote 7 - Technical														-	-	-
Vote 8 - Tourism														-	-	-
Vote 9 - Refuse Removal														-	-	-
Vote 10 - Municipal Manager														-	-	-
Vote 11 - Social Services														-	-	-
Vote 12 - [NAME OF VOTE 12]														-	-	-
Vote 13 - [NAME OF VOTE 13]														-	-	-
Vote 14 - [NAME OF VOTE 14]														-	-	-
Vote 15 - [NAME OF VOTE 15]														-	-	-
<b>Capital multi-year expenditure sub-total</b>	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>																
Vote 1 - Council		85	90	50			45			30				300	-	-
Vote 2 - Finance					500									500	-	-
Vote 3 - Corporate				150					150					300	-	-
Vote 4 - Library														-	-	-
Vote 5 - Museum														-	-	-
Vote 6 - Traffic														-	-	-
Vote 7 - Technical		2 898	2 897	2 897	2 897	2 897	2 897	2 897	2 897	2 897	2 897	2 897	4 046	35 914	39 962	-
Vote 8 - Tourism														-	-	-
Vote 9 - Refuse Removal														-	-	-
Vote 10 - Municipal Manager														-	-	-
Vote 11 - Social Services					1 245			2 075			830		(3 075)	1 075	-	-
Vote 12 - [NAME OF VOTE 12]														-	-	-
Vote 13 - [NAME OF VOTE 13]														-	-	-
Vote 14 - [NAME OF VOTE 14]														-	-	-
Vote 15 - [NAME OF VOTE 15]														-	-	-
<b>Capital single-year expenditure sub-total</b>	2	2 983	2 987	3 097	4 642	2 897	2 942	4 972	3 047	2 927	3 727	2 897	971	38 089	39 962	-
<b>Total Capital Expenditure</b>	2	2 983	2 987	3 097	4 642	2 897	2 942	4 972	3 047	2 927	3 727	2 897	971	38 089	39 962	-

Table 31 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

KZN235 Okhahlamba - Supporting Table SA29 Consolidated budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Capital Expenditure - Standard</b>	1															
<i>Governance and administration</i>		85	90	200	500	-	45	-	150	30	-	-	-	1 100	85	-
Executive and council		85	90	50			45			30			-	300	-	-
Budget and treasury office					500								-	500	-	-
Corporate services				150					150				-	300	85	-
<i>Community and public safety</i>		-	-	-	1 245	-	-	2 075	-	-	830	-	(3 075)	1 075	-	-
Community and social services					1 245			2 075			830		(3 075)	1 075	-	-
Sport and recreation													-	-	-	-
Public safety													-	-	-	-
Housing													-	-	-	-
Health													-	-	-	-
<i>Economic and environmental services</i>		2 898	2 897	2 897	2 897	2 897	2 897	2 897	2 897	2 897	2 897	2 897	4 046	35 914	39 877	-
Planning and development		2 898	2 897	2 897	2 897	2 897	2 897	2 897	2 897	2 897	2 897	2 897	4 046	35 914	39 877	-
Road transport													-	-	-	-
Environmental protection													-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity													-	-	-	-
Water													-	-	-	-
Waste water management													-	-	-	-
Waste management													-	-	-	-
Other													-	-	-	-
<b>Total Capital Expenditure - Standard</b>	2	2 983	2 987	3 097	4 642	2 897	2 942	4 972	3 047	2 927	3 727	2 897	971	38 089	39 962	-
<b>Funded by:</b>																
National Government													27 014	27 014	39 877	-
Provincial Government													-	-	-	-
District Municipality													-	-	-	-
Other transfers and grants													-	-	-	-
Transfers recognised - capital		-	-	-	-	-	-	-	-	-	-	-	27 014	27 014	39 877	-
Public contributions & donations													-	-	-	-
Borrowing													-	-	-	-
Internally generated funds													11 075	11 075	85	-
<b>Total Capital Funding</b>		-	-	-	-	-	-	-	-	-	-	-	38 089	38 089	39 962	-

Table 32 MBRR SA30 - Budgeted monthly cash flow

KZN235 Okhahlamba - Supporting Table SA30 Consolidated budgeted monthly cash flow

MONTHLY CASH FLOWS	R thousand	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Cash Receipts By Source</b>														1		
Property rates		1 917	1 917	1 917	1 917	1 917	1 917	1 917	1 917	1 917	1 917	1 917	6 611	27 694	29 300	31 001
Property rates - penalties & collection charges		145	145	149	140	140	145	145	140	142	146	155	147	1 739	1 840	195
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		133	133	133	133	133	133	133	133	133	133	133	552	2 019	2 136	2 260
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		5	5	5	5	5	8	2	5	8	4	4	55	111	118	124
Interest earned - external investments		210	205	209	225	196	180	202	175	180	206	200	811	2 998	2 544	2 691
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		1	11	14	12	12	11	10	13	12	13	11	19	138	110	117
Licences and permits		162	138	132	138	162	138	122	108	112	112		247	1 570	437	463
Agency services		17	16	16	17	16	17	16	16	16		16	16	198	209	221
Transfer receipts - operational		41 626			31 219					31 219		16 339		120 404	105 346	110 142
Other revenue		135	124	157	126	140	126	115	136	125	125	155	155	1 621	3 004	3 198
<b>Cash Receipts by Source</b>		44 350	2 695	2 732	33 933	2 720	2 675	2 662	2 644	33 865	2 672	18 931	8 613	158 492	145 044	150 410
<b>Other Cash Flows by Source</b>																
Transfer receipts - capital				10 000			10 000			7 014			-	27 014	28 907	30 388
Contributions recognised - capital & Contributed assets													-	-	-	-
Proceeds on disposal of PPE													-	-	-	-
Short term loans													-	-	-	-
Borrowing long term/refinancing													-	-	-	-
Increase (decrease) in consumer deposits													-	-	-	-
Decrease (increase) in non-current debtors													-	-	-	-
Decrease (increase) other non-current receivables													-	-	-	-
Decrease (increase) in non-current investments													-	-	-	-
<b>Total Cash Receipts by Source</b>		44 350	2 695	12 732	33 933	2 720	12 675	2 662	2 644	40 879	2 672	18 931	8 613	185 506	173 951	180 798
<b>Cash Payments by Type</b>																
Employee related costs		4 530	4 530	4 530	4 530	4 530	4 530	4 530	4 530	4 530	4 530	4 530	4 529	54 355	59 113	63 251
Remuneration of councillors		721	721	721	721	721	721	721	721	721	721	721	720	8 651	9 258	9 906
Finance charges		150	90	89	99	58	47	187	56	46	42	86	221	1 171	-	-
Bulk purchases - Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Water & Sewer		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials		107	117	107	107	101	107	137	107	107	97	107	112	1 310	1 386	1 466
Contracted services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other municipalities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other		199	199	199	199	199	199	199	199	199	199	199	199	2 387	2 530	2 682
Other expenditure		125	105	145	105	185	105	105	190	105	125	105	89 095	90 499	75 502	79 901
<b>Cash Payments by Type</b>		5 832	5 762	5 790	5 760	5 793	5 709	5 878	5 802	5 708	5 714	5 747	94 877	158 373	147 789	157 205
<b>Other Cash Flows/Payments by Type</b>																
Capital assets		768	1 795	15 988	7 698	689	1 863	2 936	997	963	863	639	2 888	38 089	-	-
Repayment of borrowing		242	242	242	242	243	243	243	243	243	243	243	472	3 137	-	-
<b>Other Cash Flows/Payments</b>																
<b>Total Cash Payments by Type</b>		6 842	7 799	22 020	13 700	6 725	7 815	9 057	7 042	6 914	6 820	6 629	98 237	199 600	147 789	157 205
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		37 509	(5 104)	(9 288)	20 232	(4 005)	4 860	(6 395)	(4 399)	33 966	(4 148)	12 301	(89 624)	(14 094)	26 162	23 593
Cash/cash equivalents at the month/year begin:		42 895	80 404	75 300	66 012	86 244	82 239	87 099	80 705	76 306	110 272	106 124	118 425	42 895	28 801	54 963
Cash/cash equivalents at the month/year end:		80 404	75 300	66 012	86 244	82 239	87 099	80 705	76 306	110 272	106 124	118 425	28 801	28 801	54 963	78 557



## **2.9 Annual budgets and SDBIPs – internal departments**

### **2.10 Contracts having future budgetary implications**

In terms of the Okhahlamba Local Municipality Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

### **2.11 Capital expenditure details**

The following three tables present details of the Municipal capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

**Table 33 MBRR SA 34a - Capital expenditure on new assets by asset class**

KZN235 Okhahlamba - Supporting Table SA34a Consolidated capital expenditure on new assets by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Capital expenditure on new assets by Asset Class/Sub-class											
Infrastructure	2	24 993	83 031	46 839	50 372	73 731	73 731	12 014	39 877	-	
Infrastructure - Road transport		-	-	28 057	20 598	20 598	20 598	12 014	39 877	-	
Roads, Pavements & Bridges				28 057	20 598	20 598	20 598	12 014	39 877		
Storm water											
Infrastructure - Electricity		-	-	7 600	10 200	35 059	35 059	-	-	-	
Generation											
Transmission & Reticulation				7 500	10 000	35 059	35 059				
Street Lighting				100	200						
Infrastructure - Water		-	-	-	-	-	-	-	-	-	
Dams & Reservoirs											
Water purification											
Reticulation											
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	
Reticulation											
Sewerage purification											
Infrastructure - Other		24 993	83 031	11 182	19 574	18 074	18 074	-	-	-	
Waste Management											
Transportation											
Gas											
Other		3	24 993	83 031	11 182	19 574	18 074	18 074			
Community	7	-	675	26 932	14 233	27 128	27 128	17 000	-	-	
Parks & gardens											
Sportsfields & stadia						5 000	5 000	15 000			
Swimming pools											
Community halls				10 105	2 733	2 733	2 733				
Libraries											
Recreational facilities											
Fire, safety & emergency											
Security and policing											
Buses											
Clinics											
Museums & Art Galleries											
Cemeteries				750	500	500	500				
Social rental housing											
Other		8		675	16 077	11 000	18 895	18 895	2 000		
Heritage assets	9	-	-	-	-	-	-	-	-	-	
Buildings											
Other											
Investment properties		-	-	-	-	-	-	-	-	-	
Housing development											
Other											
Other assets	10	15 813	4 447	8 296	8 756	13 756	13 756	3 575	85	-	
General vehicles		3 558	496	230	230	230	1 800				
Specialised vehicles		-	-	-	6 500	6 500	6 500	250	-	-	
Plant & equipment		470	889								
Computers - hardware/equipment		422									
Furniture and other office equipment		760		200	600	600	600	725	85		
Abattoirs											
Markets											
Civic Land and Buildings				7 500		5 000	5 000				
Other Buildings											
Other Land		500									
Surplus Assets - (Investment or Inventory)											
Other		13 662		100	1 426	1 426	1 426	800			
Agricultural assets			-	-	-	-	-	-	-	-	-
List sub-class											
Biological assets		-	-	-	-	-	-	-	-	-	
List sub-class											
Intangibles		-	-	-	1 576	1 576	1 576	500	-	-	
Computers - software & programming					1 576	1 576	1 576	500			
Other (list sub-class)											
Total Capital Expenditure on new assets	1	40 806	88 153	82 066	74 937	116 191	116 191	33 089	39 962	-	
Specialised vehicles		-	-	-	6 500	6 500	6 500	250	-	-	
Refuse											
Fire					2 500	2 500	2 500	250			
Conservancy					4 000	4 000	4 000				
Ambulances											

**Table 34 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

KZN235 Okhahlamba - Supporting Table SA34b Consolidated capital expenditure on existing assets by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand	1										
Capital expenditure on renewal of existing assets by Asset Class/Sub-class											
Infrastructure	2	-	-	-	6 125	-	-	4 000	-	-	
Infrastructure - Road transport		-	-	-	6 125	-	-	4 000	-	-	
Roads, Pavements & Bridges					6 125			4 000			
Storm water											
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	
Generation											
Transmission & Reticulation											
Street Lighting											
Infrastructure - Water		-	-	-	-	-	-	-	-	-	
Dams & Reservoirs											
Water purification											
Reticulation											
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	
Reticulation											
Sewerage purification											
Infrastructure - Other		-	-	-	-	-	-	-	-	-	
Waste Management											
Transportation											
Gas											
Other											
Community		3	-	-	-	-	-	-	-	-	-
Parks & gardens		7									
Sportsfields & stadia											
Swimming pools											
Community halls											
Libraries											
Recreational facilities											
Fire, safety & emergency											
Security and policing											
Buses											
Clinics											
Museums & Art Galleries											
Cemeteries											
Social rental housing											
Other	8										
Heritage assets	9	-	-	-	-	-	-	-	-	-	
Buildings											
Other											
Investment properties		-	-	-	-	-	-	-	-	-	
Housing development											
Other											
Other assets	10	-	-	-	-	-	-	1 000	-	-	
General vehicles											
Specialised vehicles		-	-	-	-	-	-	-	-	-	
Plant & equipment											
Computers - hardware/equipment											
Furniture and other office equipment											
Abattoirs											
Markets											
Civic Land and Buildings											
Other Buildings								1 000			
Other Land											
Surplus Assets - (Investment or Inventory)											
Other											
Agricultural assets		-	-	-	-	-	-	-	-	-	
List sub-class											
Biological assets		-	-	-	-	-	-	-	-	-	
List sub-class											
Intangibles		-	-	-	-	-	-	-	-	-	
Computers - software & programming											
Other (list sub-class)											
Total Capital Expenditure on renewal of existing	1	-	-	-	6 125	-	-	5 000	-	-	
Specialised vehicles											
Refuse		-	-	-	-	-	-	-	-	-	
Fire											
Conservancy											
Ambulances											
Renewal of Existing Assets as % of total capex		0,0%	0,0%	0,0%	7,6%	0,0%	0,0%	13,1%	0,0%	0,0%	
Renewal of Existing Assets as % of deprecn"		0,0%	0,0%	0,0%	47,2%	0,0%	0,0%	23,5%	0,0%	0,0%	

**Table 35 MBRR SA34c - Repairs and maintenance expenditure by asset class**

KZN235 Okhahlamba - Supporting Table SA34c Consolidated repairs and maintenance by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand											
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure	2	-	-	6 000	4 805	5 805	5 805	3 000	5 290	5 597	
Infrastructure - Road transport		-	-	6 000	4 805	5 805	5 805	3 000	5 290	5 597	
Roads, Pavements & Bridges				6 000	4 805	5 805	5 805	3 000	5 290	5 597	
Storm water											
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	
Generation											
Transmission & Reticulation											
Street Lighting											
Infrastructure - Water		-	-	-	-	-	-	-	-	-	
Dams & Reservoirs											
Water purification											
Reticulation											
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	
Reticulation											
Sewerage purification											
Infrastructure - Other		-	-	-	-	-	-	-	-	-	
Waste Management											
Transportation											
Gas											
Other											
Community		3	-	-	-	-	-	-	-	-	-
Parks & gardens		7									
Sportsfields & stadia											
Swimming pools											
Community halls											
Libraries											
Recreational facilities											
Fire, safety & emergency											
Security and policing											
Buses											
Clinics											
Museums & Art Galleries	8										
Cemeteries											
Social rental housing											
Other											
Heritage assets	9	-	-	-	-	-	-	-	-	-	
Buildings											
Other											
Investment properties		-	-	-	-	-	-	-	-	-	
Housing development											
Other											
Other assets	10	-	-	-	-	-	-	4 249	-	-	
General vehicles								2 335			
Specialised vehicles		-	-	-	-	-	-	-	-	-	
Plant & equipment								477			
Computers - hardware/equipment											
Furniture and other office equipment								225			
Abattoirs											
Markets											
Civic Land and Buildings											
Other Buildings								1 000			
Other Land											
Surplus Assets - (Investment or Inventory)											
Other								212			
Agricultural assets		-	-	-	-	-	-	-	-	-	
List sub-class											
Biological assets		-	-	-	-	-	-	-	-	-	
List sub-class											
Intangibles		-	-	-	-	-	-	-	-	-	
Computers - software & programming											
Other (list sub-class)											
Total Repairs and Maintenance Expenditure	1	-	-	6 000	4 805	5 805	5 805	7 249	5 290	5 597	
Specialised vehicles											
Refuse		-	-	-	-	-	-	-	-	-	
Fire											
Conservancy											
Ambulances											
R&M as a % of PPE		0,0%	0,0%	3,1%	1,8%	2,2%	2,2%	2,1%	1,7%	0,0%	
R&M as % Operating Expenditure		0,0%	0,0%	4,8%	3,6%	3,3%	3,3%	4,2%	4,1%	3,1%	

**Table 36 MBRR SA35 - Future financial implications of the capital budget**

KZN235 Okhahlamba - Supporting Table SA35 Consolidated future financial implications of the capital budget

Vote Description R thousand	Ref	2016/17 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Present value
<b>Capital expenditure</b>	1							
Vote 1 - Council		300	-	-				
Vote 2 - Finance		500	-	-				
Vote 3 - Corporate		300	-	-				
Vote 4 - Library		-	-	-				
Vote 5 - Museum		-	-	-				
Vote 6 - Traffic		-	-	-				
Vote 7 - Technical		35 914	39 962	-				
Vote 8 - Tourism		-	-	-				
Vote 9 - Refuse Removal		-	-	-				
Vote 10 - Municipal Manager		-	-	-				
Vote 11 - Social Services		1 075	-	-				
Vote 12 - [NAME OF VOTE 12]		-	-	-				
Vote 13 - [NAME OF VOTE 13]		-	-	-				
Vote 14 - [NAME OF VOTE 14]		-	-	-				
Vote 15 - [NAME OF VOTE 15]		-	-	-				
<i>List entity summary if applicable</i>								
<b>Total Capital Expenditure</b>		38 089	39 962	-	-	-	-	-
<b>Future operational costs by vote</b>	2							
Vote 1 - Council								
Vote 2 - Finance								
Vote 3 - Corporate								
Vote 4 - Library								
Vote 5 - Museum								
Vote 6 - Traffic								
Vote 7 - Technical								
Vote 8 - Tourism								
Vote 9 - Refuse Removal								
Vote 10 - Municipal Manager								
Vote 11 - Social Services								
Vote 12 - [NAME OF VOTE 12]								
Vote 13 - [NAME OF VOTE 13]								
Vote 14 - [NAME OF VOTE 14]								
Vote 15 - [NAME OF VOTE 15]								
<i>List entity summary if applicable</i>								
<b>Total future operational costs</b>		-	-	-	-	-	-	-
<b>Future revenue by source</b>	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
<b>Total future revenue</b>		-	-	-	-	-	-	-
<b>Net Financial Implications</b>		38 089	39 962	-	-	-	-	-

**Table 37 MBRR SA36 - Detailed capital budget per municipal vote**



KZN235 Okhahlamba - Supporting Table SA36 Consolidated detailed capital budget

Municipal Vote/Capital project	Ref.	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal
R thousand	4															
Parent municipality: List all capital projects grouped by Municipal Vote																
Bergville Tarred Roads					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				4 125	10 000				New
Okhomba Vehicle Bridge					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				-	-				New
Ogoda Pedestrian Bridge					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				-	-				New
Mfwenesi Gravel Road					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				2 014					New
Mgunjini Community Hall					Yes	Community	Community halls									New
Nxumalo Gravel Road					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges									New
Mbozomp Gravel Road					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges									New
Nkwasini Gravel Road					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges									New
Masenge Gravel Road					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges									New
Electrification Projects					Yes											New
Total Capex					Yes					88 153	6 434	10 500	10 000			
Vehicle testing, licensing and disaster					Yes	Community	Other			64 384	11 075	28 545	29 962		12	
Khuthani Market Stalls					Yes	Community	Markets			4 000						
Sports complex					Yes	Community	Other				15 000					12
Fresh produce market					Yes	Community	Markets									
Foot bridges					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				3 124					
Parent Capital expenditure	1											38 089	39 045	39 962		
Entities: List all capital projects grouped by Entity																
Entity A																
Water project A																
Entity B																
Electricity project B																
Entity Capital expenditure										-	-	-	-	-		
Total Capital expenditure										88 153	82 866	38 089	39 045	39 962		

Table 38 MBRR SA37 - Projects delayed from previous financial year

KZN235 Okhahlamba - Supporting Table SA37 Consolidated projects delayed from previous financial years

Municipal Vote/Capital project	Ref.	Project name	Project number	Asset Class	Asset Sub-Class	GPS co-ordinates	Previous target year to complete	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
								Original Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1,2						Year					
Parent municipality: List all capital projects grouped by Municipal Vote												
Examples												
Bergville Tarred Roads		Bergville Tarred Roads		Infrastructure - Road transport	Roads, Pavements & Bridges			4 125	4 125			
Electrification Project		Electrification Project		Infrastructure - Electricity	Transmission & Retification			6 434	6 434		10 000	10 000
Sport complex		Sport complex		Community	Other			3 000	4 000			
Foot bridges		Foot bridges		Infrastructure - Road transport	Roads, Pavements & Bridges			3 124	3 124			
Entities: List all capital projects grouped by Municipal Entity												
Entity Name												
Project name												

## 2.12 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

- In year reporting**  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipal website.
- Internship programme**  
Okhahlamba is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Finance Department.
- Budget and Treasury Office**  
The Budget and Treasury Office has been established in accordance with the MFMA.
- Audit Committee**  
An Audit Committee has been established and is fully functional.
- Service Delivery and Implementation Plan**  
The detail SDBIP document is at a draft stage and will be finalized after approval of the 2016/17 MTREF in May 2016 directly aligned and informed by the 2016/17 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MFMA Training

The MFMA training is ongoing.

8. Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 19 March 2016. The ratios as prescribed in the Regulations have been complied with.

9. MSCOA Implications

The municipality is expected to be mSCOA compliant by 1<sup>st</sup> July 2017 as required mSCOA

Regulations, taking into consideration that the municipality is no a pilot municipality a Budget has been set aside to ensure compliance by the said date.

## **2.13 Other supporting documents**

**Table 39 MBRR Table SA1 - Supporting detail to budgeted financial performance**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		15 183	22 152	31 584	33 480	33 728	33 728	33 728	35 751	37 825	40 019
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)				4 018	4 698	4 698	4 698	4 698	4 980	10 014	10 595
Net Property Rates		15 183	22 152	27 566	28 782	29 030	29 030	29 030	30 772	27 811	29 424
Service charges - electricity revenue	6										
Total Service charges - electricity revenue											
less Revenue Foregone (in excess of 50 kwh per indigent household per month)		355	354	365	387						
less Cost of Free Basis Services (50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-	-
Net Service charges - electricity revenue		(355)	(354)	(365)	(387)	-	-	-	-	-	-
Service charges - water revenue	6										
Total Service charges - water revenue											
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)											
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-	-
Net Service charges - water revenue		-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue											
Total Service charges - sanitation revenue											
less Revenue Foregone (in excess of free sanitation service to indigent households)											
less Cost of Free Basis Services (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-	-
Net Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	6										
Total refuse removal revenue		355	354	365	387	1 905	1 905	1 905	2 019	2 136	2 260
Total landfill revenue											
less Revenue Foregone (in excess of one removal a week to indigent households)											
less Cost of Free Basis Services (removed once a week to indigent households)		-	-	-	-	-	-	-	-	-	-
Net Service charges - refuse revenue		355	354	365	387	1 905	1 905	1 905	2 019	2 136	2 260
Other Revenue by source											
Fuel Levy											
Other Revenue		787	3 309	1 385						1 120	1 187
Interest on Current Account					1 223	1 223	1 223	1 223	1 296	1 371	1 451
Fees Tenders					243	243	243	243	258	273	289
Fees Photocopiers					11	59	59	59	62	66	70
Total 'Other' Revenue	3	787	3 309	1 385	1 476	1 524	1 524	1 524	1 616	2 829	2 995
EXPENDITURE ITEMS:											
Employee related costs	2										
Basic Salaries and Wages		18 432	23 288	27 999	28 865	31 019	31 019	31 019	35 682	34 005	36 385
Pension and UIF Contributions		2 854	1 301	4 853	4 951	5 582	5 582	5 582	6 337	6 193	6 718
Medical Aid Contributions		65	829	998	1 047	1 097	1 097	1 097	1 843	1 281	1 370
Overtime		924	1 150	969	1 033	2 031	2 031	2 031	1 322	1 414	1 513
Performance Bonus		1 265	1 807	325	514	551	551	551	660	707	756
Motor Vehicle Allowance		1 095	1 206	2 132	2 429	2 332	2 332	2 332	2 324	3 181	3 404
Cellphone Allowance				-	-	-	-	-	-	-	-
Housing Allowances				354	378	510	510	510	653	466	499
Other benefits and allowances		2 549	5 102	2 178	2 884	3 977	3 977	3 977	4 174	3 356	3 465
Payments in lieu of leave		408	1 504	909	924	481	481	481	1 126	1 109	1 186
Long service awards		121	103	204	217	230	230	230	2		

<b>Other Expenditure By Type</b>											
Collection costs											
Contributions to 'other' provisions										9 172	9 723
Consultant fees		3 444	7 145		6 372	3 523	3 523	3 523	5 932	6 277	6 641
Audit fees		1 119			1 150	1 700	1 700	1 700	2 089	1 907	2 017
General ex penses	3	19 377	28 297	46 346	35 459	65 772	65 772	65 772	47 805	4 174	44 252
Subsistence and travelling		439							2 125	285	3 025
Community Outreach		243	282						1 000	1 058	1 119
Communication and public relat		9	38		312	350	350	350	371	393	415
Legal Fees		121	197		408	758	758	758	803	850	899
Seminars and Conferences		2							212	224	237
Disaster and Emergency		19	108		300	68	68	68	636	673	712
Exhibitions		88							424	449	475
public participation		2							1 431		
Medical examinations		13			11	12	12	12	12	57	61
Information Technology		87			299	545	545	545	578	1 064	1 126
Insurance		224	489		924	924	924	924	980	1 037	1 097
Pauper Bufrals		64	93		238	238	238	238	252	267	282
Marketing		51	188		60	155	155	155	164	67	71
Job Creation		1 002	993		1 251	2 517	2 517	2 517	1 326	1 403	1 484
Postage and Stamps		59	69		117	55	55	55	84	131	138
Petrol and Oil		1 602	2 690		2 802	3 777	3 777	3 777	3 686	3 681	3 891
Support physically challenged					600	650	650	650	636	673	712
Valuation Expenses			287		514	218	218	218	231	-	-
Cable Car					563	-	-	-	597	631	668
Education Support					1 470	920	920	920	975	1 032	1 092
HIV & AIDS					200	180	180	180	212	224	237
Promote Sports					800	1 120	1 120	1 120	1 188	1 256	1 329
Total 'Other' Expenditure	1	27 963	40 876	46 346	53 848	83 481	83 481	83 481	73 751	36 983	81 702
<b>Repairs and Maintenance</b>											
Employee related costs	8										
Other materials											
Contracted Services											
Other Expenditure		1 999	5 532	10 236	9 983	9 983	9 983	9 983	7 249	10 314	10 913
Total Repairs and Maintenance Expenditure	9	1 999	5 532	10 236	9 983	9 983	9 983	9 983	7 249	10 314	10 913

GENERAL EXPENDITURES		
3100/3190/03/0302	Protective Clothing : Technical	337 080,00
3800/3810/03/0302	Rep & Maint - Buildg : Technical	1 000 000,00
3800/3830/03/0302	Rep & Maint - Machinery : Technical	477 000,00
3800/3840/01/0101	Rep & Maint - Mayor Vehicles	212 000,00
3800/3850/02/0205	Rep & Maint - Office & Accounts	224 719,55
3800/3860/03/0302	Rep & Maint - Roads : Technical	3 000 000,00
3800/3870/03/0302	Rep & Maint - Tools : Technical	212 000,00
3800/3880/02/0205	Rep & Maint - Vehicles & Tractors	123 124,07
3800/3880/03/0302	Rep & Maint - Vehicles & Tractors	2 000 000,00
4300/4300/01/0101	Arts & Culture Etc Funds : Council	318 000,00
4300/4320/019/0191	Finance Management Grant : Finance	1 060 000,00
4300/4330/01/0101	Spatial programs	500 000,00
4300/4344/01/0101	SALGA	500 000,00
4300/4350/03/0302	Lums Exp : Technical	258 428,00
4300/4356/03/0302	Other expenditure : INEC/ Technical	11 500 000,00
4400/4310/05/0507	Co - Operatives & Smmes Fund	5 830 000,00
4400/4310/14/1403	Co - Operatives & Smmes Fund	70 800,00
4400/4402/02/0205	Advertisements : Corporate Services	658 033,63
4400/4410/02/0205	Bursary Scheme : Corporate Services	516 069,48
4400/4430/02/0205	Employee Wellness : Corporate Services	20 205,08
4400/4444/01/0101	Lease : Streetlighning : Council	0,20
4400/4445/02/0205	Job Evaluation : Corporate Services	14 823,57
4400/4448/019/0191	Licences : Finance	702 938,22
4400/4455/01/0101	Membership Fees : Council	509 061,60
4400/4455/03/0302	Membership Fees : Technical	13 541,16
4400/4460/02/0205	Printing & Stationery : Corporate Services	570 107,24
4400/4460/07/0701	Printing and Stationery	120 000,00
4400/4464/05/0501	Purchase Of Library Books : Library	8 669,70
4400/4465/02/0205	Purchase : Electricity : Corporate Services	1 011 981,14
4400/4468/02/0205	Refreshments : Corporate Services	242 063,10
4400/4469/02/0205	Rental : Corporate Services	224 720,00
4400/4474/03/0302	Small Tools : Technical	232 401,65
4400/4475/01/0102	Spatial Planning : Municipal	178 989,48
4400/4476/01/0102	Strategic Planning : Municipal	600 000,00
4400/4480/02/0205	Telephones : Corporate Services	1 980 239,64
4400/4480/07/0701	Telephone	200 000,00
4400/4481/07/0701	Traffic signs and road marking	83 785,79
4400/4482/02/0205	Training : Corporate Services	892 600,37
4400/4484/01/0101	Ward Committees : Corporate Services	684 972,00
4400/4485/02/0205	Water Purchases : Corporate Services	619 155,94
4400/4486/01/0101	Workmans Compensation : Council	36 999,90
4400/4489/07/0701	Scholar Patrol	101 166,40
4400/4497/14/1403	Sector Plans	378 754,74
4400/4498/14/1403	Agricultural programs	500 000,00
	Grants and subsidies/Massification	6 110 000,00
	Grants and subsidies/EPWP/Technical	2 934 000,00
	Workmans Compensation	37 000,15
		<b>47 805 431,79</b>

**Table 40 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)**

KZN235 Okhahlamba - Supporting Table SA2 Consolidated Matrix Financial Performance Budget (revenue source/expenditure type & dept.)																	
Description	Ref	Vote 1 - Council	Vote 2 - Finance	Vote 3 - Corporate	Vote 4 - Library	Vote 5 - Museum	Vote 6 - Traffic	Vote 7 - Technical	Vote 8 - Tourism	Vote 9 - Refuse Removal	Vote 10 - Municipal Manager	Vote 11 - Social Services	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
R thousand	1																
Revenue By Source																	
Property rates			30 772														30 772
Property rates - penalties & collection charges			1 932														1 932
Service charges - electricity revenue																	-
Service charges - water revenue																	-
Service charges - sanitation revenue																	-
Service charges - refuse revenue										2 019							2 019
Service charges - other																	-
Rental of facilities and equipment				45					66								111
Interest earned - external investments			2 404														2 404
Interest earned - outstanding debtors																	-
Dividends received																	-
Fines					4			431									435
Licences and permits		45		20	36			1 129	295	45							1 570
Agency services								641		34							675
Other revenue			1 554		62												1 616
Transfers recognised - operational		96 932	1 825		928	175		20 544									120 404
Gains on disposal of PPE		375															375
Total Revenue (excluding capital transfers and contributions)		97 352	38 486	65	1 030	175	2 201	20 839	145	2 019	-	-	-	-	-	-	162 312
Expenditure By Type																	
Employee related costs			8 227	9 917	1 388	531	7 587	15 403	805		5 687	4 812					54 355
Remuneration of councillors		8 651															8 651
Debt impairment			6 500														6 500
Depreciation & asset impairment		6 901	2 740	408	69	5	254	8 989	0		114	1 761					21 240
Finance charges			112					1 058									1 171
Bulk purchases																	-
Other materials				120			10	2 500									2 630
Contracted services				954								2 968					3 922
Transfers and grants																	2 387
Other expenditure		12 304	9 734	8 445	35	5	1 182	31 416	1 634		2 665	6 331					73 751
Loss on disposal of PPE																	-
Total Expenditure		27 857	27 313	19 844	1 492	540	9 033	59 366	2 439	-	8 466	18 258	-	-	-	-	174 607
Surplus/(Deficit)		69 495	11 173	(19 778)	(462)	(365)	(6 832)	(38 527)	(2 294)	2 019	(8 466)	(18 258)	-	-	-	-	(12 295)
Transfers recognised - capital								27 014									27 014
Contributions recognised - capital																	-
Contributed assets																	-
Surplus/(Deficit) after capital transfers & contributions		69 495	11 173	(19 778)	(462)	(365)	(6 832)	(11 513)	(2 294)	2 019	(8 466)	(18 258)	-	-	-	-	14 719

**Table 41 MBRR Table SA3 – Supporting detail to Statement of Financial Position**

KZN235 Okhahlamba - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
Call investment deposits											
Call deposits < 90 days		44 304	36 573		53 891	53 891	53 891	53 891	30 000	40 000	
Other current investments > 90 days				600							
Total Call investment deposits	2	44 304	36 573	600	53 891	53 891	53 891	53 891	30 000	40 000	-
Consumer debtors											
Consumer debtors		8 546	13 474	23 474	26 667	26 667	26 667	26 667	22 667	19 267	
Less: Provision for debt impairment					(2 582)	(2 582)	(2 582)	(2 582)	(1 621)	(2 901)	
Total Consumer debtors	2	8 546	13 474	23 474	24 085	24 085	24 085	24 085	21 046	16 366	-
Debt impairment provision											
Balance at the beginning of the year			(11 517)	11 517	7 760	7 760	7 760	7 760	10 342	6 500	
Contributions to the provision			(4 917)	4 917	2 582	2 582	2 582	2 582	(3 842)		
Bad debts written off			8 674	(8 674)							
Balance at end of year		-	(7 760)	7 760	10 342	10 342	10 342	10 342	6 500	6 500	-
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		98 470	185 916	205 141	274 672	274 672	274 672	274 672	368 350	331 617	
Leases recognised as PPE											
Less: Accumulated depreciation	3		9 594	10 106	10 712	10 712	10 712	10 712	21 240	12 031	
Total Property, plant and equipment (PPE)	2	98 470	176 322	195 035	263 960	263 960	263 960	263 960	347 110	319 586	-
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)				7 551							
Current portion of long-term liabilities					2 568	2 568	2 568	2 568	5 293		
Total Current liabilities - Borrowing		-	-	7 551	2 568	2 568	2 568	2 568	5 293	-	-
Trade and other payables											
Trade and other creditors		16 905	25 194	23 443	27 284	27 284	27 284	27 284	24 395	27 555	
Unspent conditional transfers		26 211	10 720						25 140		
VAT											
Total Trade and other payables	2	43 116	35 914	23 443	27 284	27 284	27 284	27 284	49 535	27 555	-
Non current liabilities - Borrowing											
Borrowing	4			17 506					4 380		
Finance leases (including PPP asset element)			12 196								
Total Non current liabilities - Borrowing		-	12 196	17 506	-	-	-	-	4 380	-	-
Provisions - non-current											
Retirement benefits		9 389	1 874	1 874	1 874	1 874	1 874	1 874		1 874	
List other major provision items											
Refuse landfill site rehabilitation				6 260	3 623	3 623	3 623	3 623	1 547	3 623	
Other			3 623								
Total Provisions - non-current		9 389	5 497	8 134	5 497	5 497	5 497	5 497	1 547	5 497	-
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		85 501	140 525	142 595	236 012	236 012	236 012	236 012	279 705	323 081	
GRAP adjustments											
Restated balance		85 501	140 525	142 595	236 012	236 012	236 012	236 012	279 705	323 081	-
Surplus/(Deficit)		54 403	57 851	43 310	43 876	37 954	37 954	37 954	14 719	19 773	(24 257)
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	139 904	198 376	185 905	279 888	273 966	273 966	273 966	294 424	342 854	(24 257)
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	139 904	198 376	185 905	279 888	273 966	273 966	273 966	294 424	342 854	(24 257)
Total capital expenditure includes expenditure on nationally significant priorities:											
Provision of basic services											

Table 42 MBRR Table SA9 – Social, economic and demographic statistics and assumptions





**Table 43 MBRR SA32 – List of external mechanisms**

KZN235 Okhahlamba - Supporting Table SA32 List of external mechanisms

External mechanism  Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand
Ninety four sharaat street	Yrs	3	Supply of fuel	23 November 2017	
Red Spike Security Services	Yrs	3	Security Services	01 January 2017	
Ayanda Mbangwa	Yrs	3	Advertisements	30 August 2017	
Ultimate Solutions	Yrs	3	Advertisements	30 August 2017	
Bhekikusasa	Yrs	3	Advertisements	30 August 2017	
Camelsa Consulting Group	Yrs	5	Implementation of Integrated Municipal Financial Ma	30 August 2018	
Judy Magwaza	Yrs	2	Events Co ordinator	13 January 2017	

**2.14 Municipal manager's quality certificate**

I ....., MUNICIPAL MANAGER of Okhahlamba Local Municipality, hereby certify that the draft annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name \_\_\_\_\_

Municipal manager of Okhahlamba Local Municipality (KNZ 235)

Signature \_\_\_\_\_

Date \_\_\_\_\_